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Senate

The Senate met at 9 a.m. and was called to order by the President pro tempore (Mr. STEVENS).

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray. We look to You today, O God, maker of heaven and earth. Unless You lay the foundation of our plans, we labor in vain. Unless You guard our Nation, our efforts to find security are futile.

As Your servants in the Senate seek to do Your will today, make it clear to them the path they should follow. In the flowing of pressure, help them to hear the whisper of Your wisdom. Empower them to anticipate the forces that threaten the freedom of this good land. Plant in each of our hearts a reverential awe of You that will lead to life.

We pray in Your wonderful Name. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order the leadership time is reserved.

CONGRESSIONAL BUDGET FOR THE UNITED STATES GOVERNMENT FOR THE FISCAL YEAR 2006

The PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of S. Con. Res. 18, which the clerk will report.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 18) setting forth the congressional budget for the United States Government for the fiscal year 2006 and including the appropriate budgetary levels for fiscal years 2005 and 2007 and 2010.

Pending:

Bingaman (for Smith) Amendment No. 204, to create a reserve fund for the establishment of a Bipartisan Medicaid Commission to consider and recommend appropriate reforms to the Medicaid program, and to strike Medicaid cuts to protect states and vulnerable populations.

Carper Amendment No. 207, to provide for full consideration of tax cuts in the Senate under regular order.

Snowe Amendment No. 214, to ensure that any savings associated with legislation that provides the Secretary of Health and Human Services with the authority to participate in the negotiation of contracts with manufacturers of covered part D drugs to achieve the best possible prices for such drugs under part D of title XVIII of the Social Security Act, that requires the Secretary to negotiate contracts with manufacturers of such drugs for each fallback prescription drug plan, and that requires the Secretary to participate in the negotiation for a contract for any such drug upon request of a prescription drug plan or an MA-PD plan, is reserved for reducing expenditures under such part.

Harkin Amendment No. 172, to restore the Perkins Vocational Education program and provide for deficit reduction paid for through the elimination of the phase out of the personal exemption limitation and itemized deduction limitation for high-income taxpayers now scheduled to start in 2006.

Hutchison Amendment No. 218, to fully fund the level of Border Patrol Agents authorized by the National Intelligence Reform Act of 2004 and as recommended by the 9/11 Commission.

Landrieu Amendment No. 219, to establish a reserve fund in the event that legislation is passed to provide a 50 percent tax credit to employers that continue to pay the salaries of Guard and Reserve employees who have been called to active duty.

Salazar/Conrad Amendment No. 215, to provide additional funding for rural education, rural health access, and rural health outreach programs.

Conrad (for Dorgan) Amendment No. 210, to repeal the tax subsidy for certain domestic companies which move manufacturing operations and American jobs offshore.

Collins (for Lieberman/Collins) Amendment No. 220, to protect the American people from terrorist attacks by restoring \$565 million in cuts to vital first-responder programs in the Department of Homeland Security, including the State Homeland Security Grant program, by providing \$150 million for port security grants and by providing \$140 million for 1,000 new border patrol agents.

Vitter Amendment No. 223, to express the sense of the Senate that Congress should provide dedicated funding for port security enhancements.

Vitter Amendment No. 224, to restore funding for Corps of Engineers environmental programs to fiscal year 2005 levels.

Allen Modified Amendment No. 197, to increase by \$1,582,700,000 over fiscal years 2006 through 2010 funding for Transportation (budget function 400) with the amount of the increase intended to be allocated to the Vehicle Systems account of the National Aeronautics and Space Administration for subsonic and hypersonic aeronautics research.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, this morning we will immediately resume consideration of the budget resolution. We have an order in place from last night which sets aside specific debate times in relation to several amendments this morning. There is no debate time remaining on the resolution beyond this time agreement. Senators, therefore, can expect a lengthy series of votes to begin sometime around 1:30 today. This vote-arama will necessitate continued cooperation from all Members. I cannot stress enough the importance of every Senator staying on the floor or very close by throughout the afternoon and into the evening. This is always a trying and challenging period because of the unusual nature of what happens over the course of the day. But beginning around 1:30, we will start a series of votes that will go on for a while.

I encourage my colleagues to work with the managers to use restraint in not offering amendments if they are purely message amendments and are not substantive. It is going to be a

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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challenge to bring everything to closure over the course of today and early into this evening already, so please use restraint in terms of whether to offer amendments.

TERRI SCHIAVO

I know we want to get started, but I did want to bring to the attention of my colleagues an issue that we do have to act on before we leave. I do so on behalf of a number of my colleagues on both sides of the aisle who have come up and said: There is an important issue facing the country that we have not addressed in the past and that other systems of government and other branches of government have inadequately addressed, and, therefore, it is time for the U.S. Senate to speak.

It centers on the fact that if we don't act or if somebody does not act, a living person who has a level of consciousness, who is self-breathing, will be starved to death in the next 2 weeks—thus the action that is required to be done either later tonight or tomorrow in order to prevent that starvation to death by Terri Schiavo.

I first heard about the situation facing Terri Schiavo actually several years ago, but the immediacy of it has played out in the last several days because of this decision that has been made, not by her parents who want to keep her alive, not by her family who wants to keep her alive, but by her husband.

From a medical standpoint, I wanted to know a little bit more about the case itself, so I had the opportunity to review the initial tapes that were made, the physical examination on which the case was ultimately based, the fact that she was in a persistent vegetative state, and scores of neurologists had come forward and said that it doesn't look like she is in a persistent vegetative state. It is a strange word, "vegetative state," that connotes all sorts of things to lay people. It is a medical term that means that she is not in a coma. Persistent vegetative state is a specific diagnosis that typically has to be made over a period of multiple examinations, usually multiple days, and some neurologists say should be made over several weeks. The facts of this case are that it was made by a single, or maybe two, but a single examination over a very short period of time. The professionals themselves who have viewed those tapes question that initial diagnosis.

The other questions arise: Does she have any hope of being rehabilitated? I talked personally to one of the neurologists who examined her, and he said, absolutely, she can greatly improve, substantially improve if she is given the appropriate rehabilitation. I asked myself, had she expressed her wishes about the end of her life? She had no written directive in terms of what would happen if such an event struck her. Did she have an advanced medical directive? The answer is no.

So we have come to the point where on this floor we are going to have to

face the question of whether we believe that a conscious woman who is breathing on her own—and yes, she has a severe disability, similar to what cerebral palsy might be. She can't physically feed herself. She can't verbally express her desires at this juncture, but she has no legal direction.

The question is, Should we allow her to be starved to death? I mention that because it is an important case. It has to do with the culture of life. I believe this body is going to have to speak on this particular matter before we leave for recess.

I yield the floor.

AMENDMENT NO. 204

The PRESIDENT pro tempore. Under the previous order, there will be 60 minutes of debate equally divided in the usual form in relation to the Medicaid amendment No. 204 offered by the Senator from Oregon, Mr. SMITH. Who yields time?

The Senator from Oregon.

Mr. SMITH. Mr. President, on the Bingaman amendment, I would like to yield 4 minutes to Senator BAUCUS, 4 minutes to Senator CORZINE. I believe after that Senator STABENOW will take 4 minutes and Senator CLINTON for 4 minutes as well, and perhaps Senator ROCKEFELLER following if time remains.

The PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Mr. President, I strongly support the Smith-Bingaman-Coleman amendment to strike the reconciliation instruction to the Finance Committee to cut Medicaid by \$15 billion. Some say this amendment is not important because the budget is just a blueprint and the Finance Committee would never make these cuts. That is just not true. A vote for this budget is a vote for cuts, plain and simple. If the reconciliation instruction is to cut, the Finance Committee is under instruction to cut.

Once we pass this budget, the reconciliation instructions are binding. The Finance Committee would be bound to find the \$15 billion in savings. Although it would be difficult for the committee to reach agreement on these cuts, the committee would make the cuts. The Finance Committee has never failed to comply with reconciliation instructions. I do not believe that it would start this year. Those who say it is just a blueprint, that is a smokescreen. It is not accurate.

The administration says we need to address waste and abuse in Medicaid. They say these cuts will end the abuse of intergovernmental transfers. I urge my colleagues to not be swayed by these allegations. The administration has been negotiating reform of intergovernmental transfers on a State-by-State basis for the past 2 years. They have already squeezed significant savings through this new policy, and there will not be much further savings if Congress goes down this road. How do I know this? Because Montana is one of the States that was required to revise

its intergovernmental program to comply with new State rules last year.

Keep in mind that the change in policy has never been published. There has been no notice, no invited comments, no rulemaking—never; no State Medicaid director's letter, none.

So how much in savings remains in reform of intergovernmental transfers? The Congressional Budget Office says zero, no savings. So let's not fool ourselves into thinking we are really cutting fraud and abuse in Medicaid with these cuts. Rather, these cuts will hurt people. In fact, in Montana, the proposed cuts would mean a loss of health coverage for 2,800 seniors or more than 12,000 children.

These cuts are definitely shortsighted. If Congress simply starts cutting Medicaid without considering the overall effects, it would force people to seek care in emergency rooms, and even higher spending would result, or even more people could lose coverage altogether.

Some say these are small and represent only a 1-percent cut in the program's growth over 5 years. But the President's \$45 billion net Medicaid cut over 10 years is more than the \$39 billion Congress has allocated to CHIP coverage for millions of uninsured children during the 10-year lifetime of that program.

I applaud the leadership of Senators Bingaman, Smith, and Coleman. I urge my colleagues to join me in supporting this important amendment.

This is important. I strongly urge our colleagues to do what is right, to not make these cuts. It is going to directly affect people. Support the Smith amendment.

The PRESIDENT pro tempore. The Senator from New Jersey is recognized for 4 minutes.

Mr. CORZINE. Mr. President, I, too, rise to speak strongly and forcefully in support of the bipartisan amendment Senators SMITH and BINGAMAN have offered. The idea of cutting \$15 billion in the Medicaid Program mandated under this resolution is a bad fundamental choice for our Nation. It is also a bad policy-setting device because it lets the budget process drive Medicaid reform. This amendment directs the creation of a Medicaid commission to investigate and consider possible improvements.

A thoughtful, reasoned approach to limiting the growth in the cost of the Medicaid Program, which is driven by enrollments and the high cost of health care. And while there may be fraud and abuse, the big issue is that we have a health care problem and how do we finance it. It is being ignored by using what I think is a shotgun approach as opposed to the thoughtful, reasoned approach of how Medicaid reform should be done. That is what this amendment does.

Last week, Senators WYDEN, MURRAY, JOHNSON, and I offered a successful amendment during the markup of the budget resolution. The sense of the

Senate was agreed to unanimously by the Budget Committee. As a part of this resolution, it states that the Finance Committee shall not achieve any savings under reconciliation that would cap Federal Medicaid spending, shift Medicaid costs to the States or providers, or undermine the Federal guarantee of Medicaid health insurance.

If this amendment is not accepted—and it is not possible, in my view, to cut \$15 billion from Medicaid without violating that agreement—what we are going to be doing is shifting \$15 billion to the States; if not to the States, to the local governments; if not to the local governments, to the health care providers. It is going to be charity care. It is going to be paid for. We are making a clear choice of transferring the responsibility for all of this care to someone else, moving it off the Federal books on to State and local or even private providers. Maybe we are shifting it on to the streets of our cities and the homeless.

We are making another choice, too, which is unacceptable. The fact is, we are trying to force others to make a choice of whether we say hospice care is more important than mental illness treatment or more important than people having the ability to have hearing and other kinds of specialty treatments. We are taking away the options of how we treat health care and, by the way, preventative care. We are also making a choice which I find completely hard to understand. Why have we decided that this \$15 billion we have mandated the Finance Committee to find, why are we saying this \$15 billion is so much more important than the cumulative \$204 billion or the tax cuts for those making over \$1 million? Isn't this a society that believes in sharing the responsibility for all of us to have access to a better life? We live in a society which provides enormous opportunity for so many, and many of us have benefitted from it, and we are making a clear choice that it is more important that this \$15 billion be cut than \$204 billion that is accumulating for tax cuts to the very wealthy. I do not think these are the choices the American people would make if they had those choices laid before them.

I don't understand. We are saying the most vulnerable should be dealt with without rational and reasoned expectations of where those cuts are going to come, and we are making all kinds of choices that are embedded in these kinds of issues. I believe the idea of a commission to stand back and find that reasoned and informed judgment is important.

The PRESIDENT pro tempore. The Senator's time has expired.

Mr. GREGG. Will the Senator yield for a question, and I will give him a minute to answer it?

Mr. CORZINE. Certainly.

Mr. GREGG. Does this amendment raise taxes to pay for the \$15 billion that would be called for to put in this

budget, or does it increase the deficit with more spending?

Mr. CORZINE. The Senator from New Hampshire knows very well that what we are discussing is whether you extend tax cuts for those who earn over a million dollars. It is a debate we can have about language, about extension or raising, but at least this Senator would argue that it is more important to make sure that we have a health insurance program for everyone in this society rather than tax cuts for millionaires. These cuts will force states to raise taxes in order to raise the funds that will be necessary to maintain health care under Medicaid.

Mr. GREGG. To reclaim the time, the Senator did not answer the question. Maybe he is not familiar with the answer, but the answer is that this amendment increases the deficit by \$15 billion.

The PRESIDENT pro tempore. The Senator's time has expired.

Four minutes is yielded to Senator STABENOW.

Ms. STABENOW. I thank the Chair.

First I say to our esteemed colleague who chairs the Budget Committee, I think, as I have said before, he has done an excellent job on the committee and the floor in allowing important discussions and input. We all know this is about choices and priorities. We last year passed the tax loophole closings, as they have been called, some \$23 billion in a business tax bill, a tax bill that I supported that did not end up becoming law. We have already joined saying there are dollars we believe would better be spent in other ways, in fairness from a tax standpoint that tax loopholes should be closed, and those equal more than what we are talking about here in terms of health care for our most vulnerable citizens.

We also, as my colleague from New Jersey has said, have choices in this country about where everyone will contribute to the quality of life, what it means to be an American, to the strength of America, to what we are proud of and our best values, or whether only some people will do that. This is a debate about values and choices. That is what a budget resolution is. It is a picture of who we are. It is a picture of our values. I can't think of anything that is worse in this budget resolution than the picture that says for the most vulnerable children, the poorest children, or poorest seniors in the country, we are going to take away health care for them. That doesn't fit with what I know about my faith and beliefs about helping the least of these. It does not reflect what the people of Michigan believe about what is important in supporting each other in community and caring about each other.

In a way it balances priorities. Obviously, we want dollars that are spent efficiently and effectively, and we want to give the States flexibility. In my home State, I am very proud of what they have been able to do in bulk purchasing for prescription drugs under

Medicaid and working with other States and saving dollars, and we certainly know we want flexibility for them under Medicaid. But we also know that Medicaid is the single greatest provider of health insurance, covering over 21 million children, our future; 800,000 children in Michigan, our future. How many times do we say children are our future?

Well, this budget does not reflect that. It does not reflect that as it relates to funding their future skills and technology and education, and it certainly doesn't reflect their future if you are a poor child whose parents do not have health care.

Let me speak about a couple of people in Michigan. Betty Counts, who lives in Detroit with her daughter Yvette, who has mental and physical handicaps, is quoted in the Detroit News as saying, "It's getting more frustrating trying to get the services I need and the help my daughter needs." And the budget cuts will certainly make things worse for her.

Ask Jimia Williams how much Medicaid means to her. She lives in Flint and has a 19-month-old son who has seizures and asthma. She works 35 to 40 hours a week—and most of the people we are talking about are people who are working; 80 percent of the uninsured are working 1 job, 2 jobs, 3 jobs that do not provide health insurance—but her only source of health insurance right now is Medicaid. Medicaid pays for her young son to see a neurologist and get treatments for his seizures and his asthma, and it also pays for his medication, inhalers for both of them. She said, "Without Medicaid I would not be able to pay for my son's medical needs."

I could go on to so many different situations, but the bottom line of this vote is about our values and our choices.

The PRESIDENT pro tempore. The Senator's time has expired.

Ms. STABENOW. This amendment reflects what is best about America. I urge its adoption.

The PRESIDENT pro tempore. Who yields time?

The Senator from New York is recognized for 4 minutes.

Mrs. CLINTON. Mr. President, I, too, come to the floor in support of the Smith-Bingaman amendment, and I thank our colleagues for bringing this amendment forward. What it does is very simply and very profoundly say, wait a minute, let's not cut Medicaid right now. Let's take the \$15 billion in cuts that are in this budget resolution and restore them. But that is not the end of it. Let's also put together a bipartisan commission so that we can take a hard look at Medicaid and try to figure out how to improve service delivery and quality and do more to make it cost effective.

I am very proud to cosponsor this amendment because I believe this is the right way to go. I believe wholeheartedly that we should be on a much

faster track to return to fiscal discipline and to reduce the unprecedented deficits we are running. But I do not believe slashing Medicaid funding is the answer to getting our fiscal house in order, and it is regrettable that we would have in this same budget room for millions and millions of dollars more in tax cuts while we attempt to balance our budget on the backs of our most vulnerable citizens.

I can look at the growth in Medicaid and certainly see the same strategy that everyone else has. In part it is part of the sluggish economy, the loss of health insurance benefits for so many people who do still have jobs. I know in my own State the Medicaid Program grew between 2000 and 2004. In fact, in the last 4 years in America, we have seen 35 million more Americans receive their health insurance through Medicaid. We now have 45 million uninsured Americans. I think that number would be above 50 million if we did not have Medicaid as a health care safety net.

This budget resolution hits New York especially hard, cutting our Medicaid funding by almost \$2 billion. Let me just tell you what that means. We provide insurance to 4.1 million New Yorkers through Medicaid. That includes 1.7 million children, 1.4 million adults, and 1 million elderly and disabled beneficiaries. These are people who are the frail elderly in nursing homes. These are the children of those who are working but do not have health insurance. These are people living with chronic diseases. For these people, Medicaid truly is their last resort. They have nowhere else to turn.

As some of you know, I just spent 5 days in the hospital in New York City with my husband, and we are very fortunate we can go to one of the finest hospitals in the world to get the care that is necessary, but I know very well that that hospital has two-thirds of its income coming in Medicare and Medicaid. It is in an area in New York City where there are a lot of poor people, people who get up every day and go to work. They get on the subways, the trains, they get to work, they work hard, but they do not have health insurance. Medicaid enables them to go to that hospital just like my husband can go to that hospital.

We need Medicaid reform. That is what Senators SMITH and BINGAMAN are proposing. Let us do the right diagnosis about what is wrong with Medicaid. Let us do what we need to do to get it on a better footing, but let me add that the costs in Medicaid have gone up more than the cost of private insurance. This is not just a problem in Medicaid, this is a problem in the health care system, and we are going to make our problem worse if we do this cutting of Medicaid without this type of bipartisan amendment.

If we tried to cut in New York, for example, we would have to make some horrible choices. Should we cut out children? Should we eliminate 100,000

beneficiaries, most of whom are in nursing homes?

The PRESIDING OFFICER (Mr. SUNUNU). The Senator's time has expired.

Mrs. CLINTON. I urge adoption of this very important and necessary amendment.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. BINGAMAN. Mr. President, let me once again do what I did last evening, and that is commend Senator SMITH for his leadership on this important issue. This is a very important test of what our priorities are and also whether we are essentially going to try to take advantage of those we think are less organized to resist.

There are a lot of ways we can save money in health care costs that the Federal Government underwrites. In fact, I have an amendment I am going to be offering later on today where I will propose some significant cuts, substantially more than we are talking about here, that can be saved in Medicare because I believe we should look at health care as an area where we need to constrain the growth in costs. But the problem is this budget does not do anything about Medicare. This budget particularly does not do anything about the enormous growth in the cost of Medicare as a result of last year's prescription drug bill. There are a lot of provisions in that bill which clearly overfund health maintenance organizations, HMOs, provide a slush fund to be used by the Secretary of Health and Human Resources. There is an enormous amount of money sloshing around in that legislation, but there is no effort in the budget to get at any of that. Instead, we have said, let's go after \$15 billion of cuts in the areas that affect these less organized lobbies, these less organized groups, these groups that are not going to speak up so strongly and resist the cuts.

That is why Senator SMITH's initiative is so important. That is why it is so important that we have a national commission to give us recommendations as to how we can intelligently save money in health care costs in future years.

There are ways that we can better coordinate health care delivery under Medicare and health care delivery under Medicaid. Forty-two percent of the cost of Medicaid is spent on people who are covered by Medicare. Now, we need to do a better job of coordinating those programs, and there are opportunities for saving money. Of course, none of that has been studied, and none of that has been given to us in the way of recommendations. All we are presented with in this budget is a recommendation that we cut \$15 billion and somehow or another essentially shift that cost to the States.

I know there is some discussion up and down the halls that maybe Secretary Leavitt has made some arrangement with the Governors and they are agreeable to this \$15 billion cut. I have spoken with our Governor, Governor Richardson of New Mexico, who is head of the western Democratic Governors—maybe all the Governors; I am not exactly sure of the title he holds these days. He is a leader on this issue, and he has assured me there is no deal and that these cuts that are proposed in this budget will adversely affect us in New Mexico.

We are struggling to continue the services we have traditionally provided under Medicaid. We are struggling to deal with the fact that more and more people are insisting on services in Medicaid because they are losing their private health insurance. That is why the cost of Medicaid overall has been going up, because more and more people are dependent on Medicaid.

This is an important amendment. Senator SMITH deserves the support of all of our colleagues on this amendment. I urge all our colleagues to support it. I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SMITH. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Oregon has 8 minutes remaining.

Mr. SMITH. Mr. President, a vote for this amendment to defer these cuts to this commission and a reform effort that is bipartisan is not about being against reducing the deficit. It is, in fact, a way to achieve reductions, if that is what it comes to, in a way that takes care of the most vulnerable people in our society.

We are talking about 52 million Americans. Of these, we are talking about the elderly who are in nursing homes. Of these, we are talking about the chronically ill people without income who suffer from cancer or HIV. We are talking about the children of the working uninsured. We are talking about people who have no other recourse except, if they lose their health care, to go to the emergency rooms of our community hospitals. When they go there without the ability to pay, they are served, but we are all then later served the passing on of these costs in the form of higher prices to private plans and businesses—small businesses especially—that struggle mightily to continue providing health care.

Right now every year 3 percent—and it grows by that number—lose their insurance from their businesses because of the escalating costs largely driven by the inefficient distribution of health care.

It is very important for my colleagues to understand that this is not a vote against a budget of fiscal responsibility. This is a way to proceed toward fiscal responsibility in a way that is thoughtful. It is really important,

when we talk about a population that is vulnerable—those covered by Medicaid—that we do this carefully, that we do it thoughtfully, that we do it right instead of just doing it fast.

The truth is, when you put this kind of cut, \$15 billion, under reconciliation, that means it will be cut. Reconciliation is a Damocles sword that hangs over this place and has the ability to disrupt the regular process, taking it from a committee and right to the floor without the participation that, frankly, we have the privilege to provide but the duty not to shirk.

It is my belief that this proposal of a commission, made up of 23 members—Governors, Senators, Congressmen, providers, advocates, local officials—a bipartisan commission that can deal with the necessary reforms that must come to Medicaid can do them in a way that works for the population that has to be served and to disqualify those who game the system or abuse the system.

I readily acknowledge there is much in Medicaid that is broken. The truth is, we have not had a Medicaid commission since Medicaid's creation in 1965, and now we propose to let the budget drive the policy when we ought to be letting the policy drive the budget.

Given that we are going to do this and need to do it to modernize Medicaid, given the vulnerability of the population served, given the chance to do this right instead of just doing it fast, to let the policy drive the budget instead of the budget driving the policy with this vulnerable population, I plead with my colleagues to stand up to their duty and make sure that Congress is not circumvented, to defend the 52 million people in America who are counting on us to do it right, and not just to do it fast.

If we pass this, the reductions will come, but the reforms and the flexibility necessary at the State level to accommodate that will not be done in a more thoughtful and bipartisan way.

I see no others of my colleagues seeking recognition, so I simply close by asking Republicans and Democrats to be careful with this issue. Of all the choices we make around here on issues affecting the American people, this one calls for the most care, the most caution, the most thought, and the greatest degree of sensitivity because it involves the blind, the lame, the poor, the needy, those who have no recourse if we pull away this central strand in the safety net of America's social promise.

Ms. STABENOW. Mr. President, will my friend from Oregon yield for a moment?

Mr. SMITH. I will be happy to yield.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Mr. President, I rise to thank the Senator from Oregon for his leadership. He and the Senator from New Mexico, Mr. BINGAMAN, have led an effort I am proud to cosponsor. His eloquence is meaningful. This is an

opportunity for us to work in a bipartisan way, to lay out a process to achieve what we all want in terms of efficiencies, but to do it in a way that is thoughtful, caring, and appropriate, and to allow us to make the best decisions without hurting the most vulnerable people in this country.

I thank the Senator for his leadership.

Mr. SMITH. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. SMITH. Mr. President, I thank the Senator from Michigan for her kind words. I also say to my friend, the chairman of the Budget Committee, Senator GREGG is a terrific fellow, one of the best people I know in this place. He has a tough job. I know I have made it more difficult. I, at a personal level, apologize to him for that, but I want him to know—I want all my colleagues to know—how personally and passionately I feel about this as someone who helped to create the Oregon health plan, to find ways to serve more with preventive medicine, in ways that stretch the dollar and serve more people who have no other recourse. I take that responsibility very seriously.

I am trying to reflect that with the best of motives, with an equal commitment to finding a budget that will represent our values and our views that includes all the Members; that does, perhaps for a few days, delay some of the cuts that would fall, but if these cuts fall badly, we will hurt the most vulnerable people.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SMITH. I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I had the great good fortune when I went to college to be taught by one of the historically strongest history professors in our Nation, a man named David Truman. He went on to be president of Mount Holyoke. He wrote probably the definitive treatise on American Government. One chapter in that treatise was dedicated to committees and commissions. He said that the commission is the place where you send issues when you do not want to have to deal with them, when you want to ignore them, when you want to obfuscate the issue, and when you want to basically kick the can down the road.

He was a brilliant professor and usually right, and in this case obviously totally correct.

This amendment, if it is adopted, will guarantee that the issue of Medicaid is not addressed. That is a guarantee in this decade. It does not kick the can down the road, it kicks the can down the road a decade because we will not do reconciliation again for a long time, I suspect. Next year is an election year, and Congresses are not inclined to make tough choices in election years. It has been 10 years since we did the

last reconciliation bill, so it is unlikely reconciliation will occur again. And we are not going to pass in this Congress a bill which reforms a significant program on the entitlement side without using reconciliation because the courage simply is not here.

So let's talk about why it is absolutely critical that this year we address the Medicaid issue and why it is not going to impact any children and why all this "wearing your heart on the sleeve" language we heard around here is a large amount of puffery.

We had some very disturbing testimony—and I believe that is the term used by the Senator from North Dakota, and it is accurate—from the Comptroller of the Currency as we talked about the liabilities already on the books that our children are going to have to pay because our generation put them on the books. They add up now to \$44 trillion. That is "trillion" dollars. Mr. President, \$44 trillion of liabilities is already on the books.

This chart shows that, \$44 trillion. To try to put that in perspective because a trillion dollars is something nobody can understand. If you take all the taxes paid in America since the Revolution, it adds up to \$38 trillion. So we have on the books more liabilities today than taxes paid in this country in the history of this country.

In fact, if you take the entire net worth of the United States today, and every American adds up all their net worth—all their houses, all their cars, all their jewelry, whatever they have, stocks, bonds, assets, real estate, it comes to \$47 trillion. So we have on the books almost as much obligation as we have net worth.

The practical effect of that is that we are overwhelming the next generation with obligations which they will have to pay. Our children and our grandchildren are going to have to pay the taxes to support that \$44 trillion worth of obligations we put on the books. So it is important that we look at from where those obligations come.

They come primarily from what is known as entitlement accounts, specifically three major accounts: Social Security, Medicare, and Medicaid. In fact, the vast majority of them do not come from Social Security, they come from Medicare and Medicaid. Health care represents \$27 trillion of that \$44 trillion of costs that are on the books that our children are going to have to pay because we have already committed them to do that to support the baby boom generation when it retires.

It is entitlements that are the issue. My colleagues have come forward and said: But we do not have to deal with Social Security, even though the President has been willing to discuss it. We do not have to deal with it, no; stiff arm Social Security. OK, that is off the table.

The President says he just amended the Medicare law, so he does not want to move on Medicare this year. OK, that is off the table.

That leaves one issue, one major program that should be looked at this year at least, and that, of course, is Medicaid.

The other side of the aisle and three speakers this morning have already said you can just address this problem by raising taxes. I note—it does not appear to be anybody has focused on this at all—but the amendment before us does not raise taxes, it raises the deficit. We heard all of yesterday, the day before, and the day before that how the other side of the aisle did not want to raise the deficit; they wanted to be the party that was opposed to deficit spending. Today they come forward and the vast majority of the people sponsoring and supporting the program, the bill before us, which dramatically raises the deficit by \$14 billion in the 5-year period, something like \$60 billion in the 10-year period.

But even if you accept the fact that they want to raise taxes to pay for it, the issue is, Could you solve this problem, this outyear liability that is caused by all these entitlement accounts, Medicare, Medicaid, and Social Security, by raising taxes?

You cannot do it. This chart shows it so clearly. The cost of Medicare, Medicaid, and Social Security is the red line here. The blue line is the historical amount that the Federal Government spends, 20 percent of GDP. That is what we have historically spent, since World War II, essentially. You can see that the red line crosses the blue line in about the year 2029, 2028, in that period. These three programs—Social Security, Medicare, and Medicaid—will actually cost the Federal Government more than 20 percent of the gross national product.

What does that mean in practical terms? It means you wouldn't be able to spend any money on education, any money on roads, any money on national defense, because the entire Federal Government would be absorbed by paying for these three programs. Or, alternatively, you could take the approach the other side wants to take, which is raise taxes.

If you did that, you would have to double the tax rate on Americans in order to pay for this program. Working Americans, young Americans, these pages who are here today and are going to get a job, would find their ability to have a decent lifestyle would be dramatically reduced because they would have to pay twice as much in taxes as our generation has paid in order to support these Federal programs which are already on the books.

You cannot tax your way out of this. I don't care if you confiscate all the income of the two top brackets, you cannot get this system under control through taxes. You have to address the other side of the ledger, which is spending responsibly on these programs. That is what this bill tries to do. That is what the budget tries to do.

In a most minor way, a minuscule way, almost, we suggest in this budget

we want to save \$15 billion in the rate of growth—not cuts—in the rate of growth of Medicaid over the next 5 years; \$15 billion. You say \$15 billion is a lot of money. It is a lot of money, but you have to put it in context. Over the next 5 years, the Medicaid system is going to spend \$1.12 trillion—that is trillion with a "t"—and \$15 billion on that amount is 1 percent, essentially. What we are actually trying to save in this bill is \$14 billion.

This chart shows it. Medicaid spending will go up dramatically. It will go up by 39 percent. It will not go up by 41 percent. That is what it would do. It would go up by 41 percent if this bill doesn't go into place, but if this bill goes into place, it will go up by 39 percent. A 39-percent rate of growth in this program is what we are planning.

We have heard people come down here, especially the Senator from Oregon, and say if this language passes, lives will be lost. I think he said that. Children will be lost. That is absurd, misleading, inaccurate, and a total gross exaggeration. I wish the Senator had been a Governor because he would know that the Medicaid system today does not benefit children as much as he thinks it does. There is a large chunk of the Medicaid system today which is being gamed out of the system by States and being used in the general operations by the States to build roads, to put police officers on the road—a large chunk of it. That could be saved.

There is a large chunk of the Medicaid system today which is going to pharmaceuticals to pay dramatically more than what we pay under any other program for pharmaceutical products. That could be saved.

There is a large chunk of the Medicaid system today which is going to people who are gaming the system by what is known as spending down. That is when you, in a rather fraudulent way, get rid of your assets—give them to your kids or give them to somebody else in your family so that you can then come to the Government and say, Support me in a nursing home. So all the other Americans in this country who are playing by the rules end up supporting people who are breaking the rules and who are gaming the system through spending down. Huge amounts of dollars are pouring out of the system under those accounts.

A lot of money is being lost in this system simply because it is inefficiently run, because the Governors do not have the flexibility they need in order to get more service because they know how to deliver it, but instead they are hamstrung by all sorts of rules and regulations which make no sense to them and which undermine their capacity to deliver the service efficiently.

The President and innumerable Governors, responsible Governors in this country, have come forward and said you give more flexibility to the Governors and they can take a little less rate of increase in spending and deliver

much more service to many more kids. So this concept that you cannot get to this 1-percent savings, that you cannot live on a 39-percent rate of growth in Medicaid without having children lose their lives and be not able to go to the emergency room for care, is scare tactics. Not only that, it is not right. Because if you cannot step up—especially as a Republican who supposedly is committed to fiscal responsibility, because that is what our party is supposed to be committed to—and say that you can deliver better service with more flexibility, then you are probably not a very good Governor. I doubt there are any Republican Governors, at least, and I suspect there are not a lot of Democratic Governors who don't believe they can do more with a lot more flexibility.

The President has listed seven or eight—actually, Governor Leavitt has—seven or eight different proposals, none of which impact services one iota and, in fact, some of which would significantly expand services to children, which could be accomplished if we reform the program and would slow the rate of growth in this program along the lines projected here.

So it is unconscionable that people would claim a \$14 billion reduction in the rate of growth when you are having a \$1.1 trillion expenditure, a reduction which represents 1 percent over 5 years, could not be accomplished in the context of a program where there are obviously so many problems which need to be addressed and which could deliver more efficient and more effective service.

It gets back to this point, of course. If we do not do this now, we are not going to do it. This is not an amendment to set up a commission, the purpose of which is to resolve the problem. This is an amendment to set up a commission to make sure the problem is never resolved. It is irresponsible because of that.

I do think it is important to note how this budget has been structured. A lot of people say this Federal budget is pretty meaningless and it is sort of a process we go through here. Of course, 2 out of the last 4 years we didn't even have one. To some degree they are correct, I regret to say.

We have in this budget three basic elements: discretionary spending, entitlement spending, and the other is taxes. On the discretionary side we set a discretionary cap. We have already seen 24 amendments or so offered on the floor that will affect that cap—in other words, Members not willing to accept the spending levels of this budget. They have to put money into this program or that program. We have another hundred or so amendments also pending which do exactly the same. So the willingness to discipline the discretionary side of the ledger is, to say the least, tepid. One would suspect there are going to be a lot of games played with that cap even if it gets into place before we get to the appropriations

process. But it does, hopefully, limit the rate of growth and it does have some impact. But regrettably I have to admit it is at the margin.

Then there is a tax side. Most of the taxes, in this budget at least, are taxes which most people are going to vote for. That point was made yesterday—whether there are reconciliation instructions, most of these tax cuts are going to be extended. They are very popular: R&D, spousal stuff, tuition tax stuff.

No, the essence of this budget is whether we are going to address the fastest growing function of the Federal Government, the function of the Federal Government which is going to bankrupt our children and give them much less of a quality of life than we have had; whether our generation, the baby boom generation, which is now the generation that governs, is going to be willing to stand up and admit that we put too much on the books for our children to bear. That is the essence of this amendment. This amendment knocks out the only significant effort—well, there is one other dealing with the PBGC—the only significant effort to bring under control the rate of growth in the Federal Government in the outyears; the major piece of fiscal discipline.

In the short term you can argue the discretionary caps may help. But in the long term, which is where our big problem is and where we all acknowledge it to be, the only thing that is going to address that is if we reconcile the Medicaid number. If we do not do it this year, it is not going to be done. That is why I find this amendment to be so pernicious, because it is put forward as if the people who support it are for fiscal discipline when in fact its practical implication is to gut the only thing in this budget which actually will generate fiscal discipline. And it is being done by Republicans. You have to ask yourself how they get up in the morning and look in the mirror.

In any event, that is where we stand. I am not going to deny that this isn't a crucial vote. This is a crucial vote. If the Medicaid language is passed, if it is knocked out of the bill, I think I put in context the effect it has on this budget. More important, I hope I have put in context the effect it is going to have on our kids and our grandkids, because we will have said that in none of the three areas where the explosive growth is occurring—in none of these three areas where we are headed to this disaster, where our children are not going to be able to afford the costs that we have stuck them with—that in none of these three areas is this Congress willing to act. That would be more than an unfortunate event.

I reserve the remainder of my time.

Do I have any time?

The PRESIDING OFFICER. The Senator has 10 minutes 45 seconds.

Mr. GREGG. Mr. President, I reserve that time and yield the floor. I yield the remainder of the time on my side to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. LOTT. Mr. President, I thank Senator GREGG for the leadership he provided at the Budget Committee. This is never an easy job. I worked with Senator PETE DOMENICI when he was chairman, and we had this vote-arama and critical votes year after year. We got it done every year except for 2 out of the last 3 years. We need this blueprint in place so we can go forward, so we can have some modicum of controlling ourselves, controlling spending.

I don't like everything in this resolution, particularly. I think right now the aggregate of money for a State is too much; the aggregate amount of money for Treasury and IRS is too much. I would like to have more in agriculture, education, transportation. But if each one of us picks our issue where, "Oh, no, we can't have any restraint here," we will never have any.

I enjoy listening to my colleagues on both sides of the aisle get up and give these great speeches about how we have a problem with the deficit, we have to have restraint, and then when it comes time to have restraint, to do things to help the economy grow, or control spending in any area, we all say: No, not my area.

We have to do it across the board. We know that the problem in the Federal Government is not on the discretionary side. It is not how much we are going to be spending on highways or education. The growth there has been relatively restrained. That is true in most of these categories. The problem is in the mandatory area. Frankly, I have never liked mandatory areas. What does mandatory mean, you get it no matter what? Then a Governor or legislature can keep adding people, keep adding people, perhaps for good reason, perhaps political reasons.

All of a sudden, you have a program that grows like topsy-turvy, totally out of control. It is going to bust State budgets. It already has. It will have a huge impact on the Federal budget.

These mandatory programs are going to cause situations where we cannot continue to afford to spend what we are spending in the future, what we committed to on Social Security, Medicare, and Medicaid.

Do I think this is a great program? Yes. I personally know what they mean. I have benefited from them. I have seen what they don't do. When my father was killed in an automobile accident after 30 years of paying into Social Security, because of the marital situation and my age, our family got nothing out of it.

I would like to have some sort of system where people pay and they have an opportunity for their families to benefit, if they so choose.

Medicare—I know what it means to people who are aged and have health problems. I think what we did on the prescription drug issue was a huge mistake. We didn't have real reforms. In

fact, we put more burdens on Medicare, and we are not going to be able to afford what we have gotten into on Medicare. But Medicaid is the subject for discussion. My State has wrestled with this. Over the past few years, we kept adding people and programs to it until it was not a problem for a while, but for the last 2 years it is absolutely totally out of control, and my poor State of Mississippi, there is a \$270 million hole. The Governor and legislature fought about it, cussed about it, struggled with it. Finally, last Sunday night at midnight they came up with an agreement.

What was the agreement? They couldn't figure out any way to pay for it or to cut it, and they borrowed the money from the tobacco trust fund, and said: Don't worry, we will pay it back later. Excuse me? I don't think that is a very good or permanent solution. The States need help. We need to be thoughtful in how we reform Medicaid to make sure those we are committed to giving help really do get it, and that it is done in a controllable, reasonable way.

The Federal Government is part of the problem. We have to match the funds.

The President made a very small recommendation of some savings in the Medicaid area. Then the Senator from New Hampshire took that, and actually he took some of the savings and added some of it back in areas where it was badly needed, for a net savings of only \$14 billion in this resolution over 5 years. If we cannot support that, we might as well fold our tent.

Let me say to my colleagues here, too, that we are going to have to do this. We are going to have to do it now and later.

When we come back out of conference, we are going to have serious reforms, or a way to get to reforms and some savings in the Medicaid area because we cannot continue down this road.

I am sorry. I am embarrassed to say that Democrats seem to not want to have any kind of restraint, and, unfortunately, some of my Republicans colleagues, too.

This is an important vote. It is not the only important vote. It is not one that will destroy the whole process, but it is going to tell a whole lot about who we are.

I don't see how anybody who votes for this amendment to knock out this little, tiny savings can ever raise their voice again and say they are worried about deficits and Federal Government spending to go on too long. I realize I am talking in very broad terms and not going into any specificity.

This is an important vote. I plead with my colleagues, show some restraint. We have shown so little restraint for several years. We have all been a part of that. But now we are paying the price. We have these deficits which we have to cut. It is estimated this resolution would cut the

deficit about half over the next 5 years. I believe that is right. It is probably not enough. We probably should do more.

The red line and the red ink on the chart in these entitlement programs is going to swamp us. Some people say we can do that later. Can we do it better later? No. Every year we wait, it gets worse. It makes the reforms and the necessary savings more difficult and larger.

I just wanted to urge my colleagues to support the Budget Committee's action and support this resolution. Don't vote to take out the tiny savings in Medicaid that is included here. The States have to be doing some of that. They show a lot more restraint and leadership than we do on them. They have one thing that is different: they have to have balanced their budgets every year. It is in their constitutions. My poor State does. Maybe someday we will still have to come back to that at the Federal level.

I thank Senator GREGG for his leadership, and I thank him for yielding.

Mr. GREGG. I appreciate the appropriate comments of the Senator from Mississippi.

Mr. JOHNSON. Mr. President, I rise today to discuss devastating cuts to Medicaid included the fiscal year 2006 budget we are now debating. Medicaid has been the most successful health care safety net program our nation has ever established, protecting low-income children, the elderly and the disabled from being uninsured. Fifty-two million people count on this program and without it, these individuals would be forced to seek out care in our emergency rooms, and would likely mean that many low-income seniors in nursing homes would not have appropriate care in older age.

As you know, the budget before us includes \$14 billion in cuts to the Medicaid program over the next 5 years. This is a startling number and represents the single largest cut to any program in this budget. Fourteen billion in cuts is almost as large as the entire State Health Insurance Program or SCHIP budget for the next 3 years, and equal to Federal Medicaid spending in six mid-sized States or 18 small States. If we allow this reconciliation instruction to move forward, it will have very harmful effects for those most in need all across America. These reductions will force states to cut services as well as cut access entirely for certain populations.

In my home State of South Dakota, it is estimated that these Medicaid cuts could cause a loss of coverage for 800 elderly people. These are largely individuals with severe chronic illnesses that require nursing home care. It will also cut coverage for 4,000 children in South Dakota by the end of 2010; children who would have otherwise been covered under the program if the Federal dollars would continue. These are the most vulnerable citizens in my State whose families have likely sold

the farm and exhausted all of their resources just to pay for health care. They are the sickest and the poorest, and this budget tells them that we do not care.

Beyond the devastating effect on those most in need, the budget cuts will inappropriately shift the entire burden of care to cash-strapped States that are already struggling with growing health care costs and will not be able to afford these additional burdens. More than half of all States will see their Federal matching rates decline in 2006 and they will also be required to start making payments back to the Federal Government to finance the new Medicare drug coverage for dual eligibles or those people eligible for both Medicare and Medicaid. Additional Medicaid burdens are of great concern to me and the majority of Governors have also expressed their opposition to the current Medicaid budget.

These budget cuts not only mean that many South Dakotans will lose State coverage, but it also means that the State will have to cut services for those who are lucky enough not to be dropped from the Medicaid program. Cuts in services may mean that people on Medicaid will no longer be able to obtain health services such as breast cancer treatment, rehabilitative care or prescription drugs. The impact of these cuts in care will not just go away because Medicaid stops paying for treatment. Hospitals, health centers and other providers will wind up treating those patients in our emergency rooms and as charity care patients, absorbing those costs. Also, individuals who lose coverage will not have access to preventive care and will likely delay treatment until hospital care is needed. This increases the costs to the system, since a trip to the hospital is going to be much more expensive than if they would have had coverage to go to the doctor or get a prescription drug before getting sick.

Costs within the program are rising, but this is not because the Medicaid program is inefficient. The driving force behind rising costs is the result of many things. The surge in costs are due in part to Congress having failed to deal with the millions of low-income workers who are uninsured, and that Medicare does not pay for long-term nursing home care. Census data has revealed that there were 5.1 million more people uninsured in 2003 than in 2000. An unstable economy has left workers with lower incomes and employers dropping health coverage. Statistics show that two-thirds of those losing coverage are in low-income jobs. Because of these access to coverage problems, Medicaid is filling a critical gap that most in our nation support—ensuring kids have basic medical care, providing low-income working families with health coverage that keeps them healthy and productive, and making sure that seniors have the care they need in old age. These factors do not make the case for cuts to Medicaid, but

rather indicate that we should be doing more to expand the program for those who lack coverage. The SCHIP program was a great example of that, and we should be doing more to pull those that are low-income and uninsured under this umbrella.

The overall rise in health care costs are also contributing to the increased expenses in Medicaid. New technologies and the skyrocketing costs of prescription drugs are sending all health care costs through the roof. Under these circumstances, Medicaid's spending per enrollee has actually been more efficient than other health care payors. The program spending has increased more slowly than private insurance spending and Medicare.

More and more poor people will need programs like Medicaid if the trends continue as they have in recent years. We should be working on solutions to reduce the costs of health care in the United States, but cutting Medicaid is not the answer. We need to closely examine our care system broadly and reduce costs by promoting the use of information technology in health, emphasizing prevention techniques that keep people healthy, and reducing the costs of prescription drugs. It will also be crucial that we closely examine our long-term care system, which accounts for almost one-third of Medicaid spending and will likely increase as our senior population increases in numbers. This is where the discussion must turn to, rather than placing the blame on the Medicaid program which has been a cost efficient, successful program ensuring coverage for millions of Americans most in need.

We will be voting soon on an important amendment offered by Senators SMITH and BINGAMAN, as well as many others, that will strike the reconciliation instructions to the Finance Committee for Medicaid, and strike the function that directs that committee to cut the \$14 billion for that program. In its place, the amendment will create a \$1.5 million reserve fund to create a Medicaid Commission. I am pleased to be a cosponsor of this amendment. We do have a need to address the skyrocketing costs of our Federal health care programs and health care in general, and I think the establishment of a commission on Medicaid is a smart way to begin to find solutions. I will support this amendment and I urge all of my colleagues to do the same. We need to get our priorities straight with this budget. A budget that proposes to cut billions in health care coverage for our most vulnerable citizens while at the same time including \$23 billion in tax cuts for capital gains and dividends is not a budget that represents my values or the values of the American people.

AMENDMENT NO. 204

Mr. MCCAIN. Mr. President, our Nation is facing very difficult fiscal realities which are only going to become more difficult and expensive the longer we wait to take action. The Federal

Government can no longer afford "business as usual." According to the GAO, the unfunded Federal financial burden for public debt, including future Social Security, Medicare, and Medicaid payments, totals more than \$40 trillion or \$140,000 per man, woman and child. At what point do we listen to the wake up call?

The Federal Reserve Chairman, Alan Greenspan, has recently warned Congress and the Nation that, "In the end, the consequences for the U.S. economy of doing nothing could be severe. But the benefits of taking sound, timely action could extend many decades into the future." We must all work together to reduce the crippling \$412 billion budget deficit and the mounting unfunded Federal financial burden.

I commend the administration for submitting a budget request that proposes reduced funding for a number of programs. I clearly understand that every program is important to certain constituencies, and Medicaid is at the top of the list for many. The Medicaid program provides critical services to some of the most vulnerable people in our nation. In my home State of Arizona, we have an outstanding Medicaid program, the Arizona Health Care Cost Containment System, that represents a model for other States.

Unfortunately, not every state Administers its program as efficiently as Arizona. The reality is, Medicaid costs are skyrocketing out of control. It is time we took a long hard look at this program—as every other program for that matter and develop proposals to ensure that Medicaid will continue to serve the neediest Americans over the long term.

Let me be clear. I do not support across the board cuts to the Medicaid program. In fact, I believe such an action could have a disastrous effect on many important efforts that ensure access to care for many Americans who have nowhere else to turn. Additionally, I recognize that cuts to Medicaid that result in reduction of covered individuals would flood hospital emergency rooms with additional uninsured patients, forcing hospitals to absorb additional cost for uncompensated care. Arizona has one of the highest uninsured populations in the country and a large number of undocumented immigrants, our hospitals are already struggling to absorb the cost of providing uncompensated care, dramatically reducing medicare eligible populations could severely impact the hospital system in my State and in many others.

In debating potential cuts to the Medicaid program, we must work to ensure that the federal government does not further exacerbate these existing problems. Any effort to reform Medicaid must be made in a cautious and deliberative manner.

We simply must start to control spending and make some very difficult decisions among competing priorities. I was pleased to have joined with Sen-

ators SMITH and BINGAMAN in cosponsoring S. 338, the bipartisan commission on Medicaid Act of 2005, which was introduced on February 9, 2005. I cannot vote for the pending amendment because I believe strongly that the fiscal reality of Medicaid must be addressed sooner rather than later. And I have been around here long enough to know that too often we need to have our feet held to the fire to really make meaningful progress on difficult issues. So I hope that we can agree to cut waste in the Medicaid program and also create a bipartisan task force to provide recommendations for how best to reform the program for the long run. In my judgment, only through comprehensive reforms can we prevent across the board cuts in Medicaid in the long term. We should begin our reform efforts today.

Mr. KOHL. Mr. President, I rise today in strong support of the Smith-Bingaman amendment. I am proud to cosponsor this amendment to strike the proposed \$15 billion in cuts to Medicaid and instead create a Medicaid Commission.

In an effort to climb our way out of record Federal budget deficits, the Budget resolution we are considering this week will cut Medicaid by \$15 billion over the next 5 years. This cut would be devastating to millions of low-income families, children, disabled and senior citizens who are served by Medicaid.

I recognize that Medicaid—like all health care programs continues to face higher health care costs. But it is unconscionable to arbitrarily slash billions of dollars from a safety net program like Medicaid, and at the same time, give away billions of dollars worth of tax cuts in the same budget.

The main problem causing Medicaid spending growth is not that it is bloated or inefficient. New studies by the Urban Institute and the Kaiser Family Foundation show that Medicaid spends less, per patient, than private health insurance plans and that its costs have grown more slowly in the last four years than private-sector insurance premiums.

The real cost driver in Medicaid is the economy, which continues to cause a strain on the ability of businesses to offer health insurance coverage to their employees. More and more employers are dropping health insurance coverage, pushing low-wage working families onto public programs, while the overall cost of health care continues to skyrocket. Cutting \$15 billion from Federal Medicaid spending is only going to make matters worse by forcing the problem down to States, which already face severe budget crises.

A \$15 billion cut in Medicaid could translate to a loss of \$300 million for Wisconsin. It would be extremely difficult for Wisconsin and other States to absorb a cut of this magnitude while continuing to provide the level of services on which families depend. A cut of this size has the potential to deprive

thousands of poor families needed medical care and greatly increase the already record number of uninsured Americans.

I do not object to having a thorough discussion about how we can make Medicaid work better to serve low-income Americans. But it is unacceptable to force arbitrary cuts in Medicaid without first taking the time to consider the future efficiency and operation of the Medicaid program. Medicaid is an essential source of health care for 53 million of our nation's most vulnerable citizens, and any changes to the program should be driven by informed, reasoned policy and not by arbitrary budget targets.

I urge my colleagues to reject these harmful cuts.

Mr. ROCKEFELLER. Mr. President, I rise today to talk about Medicaid, a program that is very important to my home State of West Virginia. Over the past few days I have listened to my colleagues characterize the \$15 billion in Medicaid cuts contained in this budget as marginal, minor, and not a big deal. I want to remind my colleagues that this budget isn't simply about numbers. It is about the policies behind the numbers that have an impact on real people who would not have access to health care in the absence of Medicaid.

Medicaid is the absolute bedrock of our nation's health care system. It is the fulfillment of the promise the Federal Government has made to our Nation's most vulnerable citizens that they will have access to affordable health care when times get tough.

It finances nearly 40 percent of all births in the United States. Without it, many pregnant women would forego the prenatal visits and pregnancy-related care that are vital for a child's healthy start. Medicaid provides coverage for one in five of our Nation's children, many of whom would otherwise be uninsured. It pays for half of all nursing home care and is the largest single purchaser of long-term care services in the country.

In every State throughout our Nation, Medicaid keeps hospitals, doctors, nursing homes, and clinics operating in our communities. And, more importantly, it provides our most vulnerable citizens—pregnant women, children, the elderly, and the disabled—with access to meaningful and affordable health care.

The \$15 billion in Medicaid cuts being proposed by this administration matter to the more than 50 million children, pregnant women, seniors, and disabled individuals who rely on Medicaid to meet their health care needs. Some of my colleagues would have you believe that these cuts will have no impact at all on the number of kids covered by Medicaid or the number of people who can access care in nursing homes. They even argue that these cuts will lead to Medicaid expansions because Governors will have greater flexibility over the use of their dollars.

Well, these statements simply are not true. Fewer dollars do not equal

greater flexibility. Fewer dollars mean that States, medical providers, and individual beneficiaries are going to have to shoulder more of the burden of rapidly rising health care costs. Cost-shifts of this magnitude will undoubtedly lead to eligibility restrictions, benefit reductions, increased beneficiary cost-sharing, and provider payment cuts or freezes.

States are already struggling with the numerous unfunded mandates that the Federal Government has passed down in recent years. Twenty-nine states, including my home state of West Virginia, are facing a drop in their Federal medical assistance percentage, FMAP, next year because of a change in the statutory formula used to compute FMAP.

When the Medicare drug benefit starts on January 1, 2006, states will be required to finance a significant portion of the cost. This will be the first time since the enactment of Medicare and Medicaid in 1965 that a specific Medicare benefit will be financed in significant part by state payments. The Congressional Budget Office, CBO estimates that, at a minimum, states will pay \$48 billion toward the Medicare prescription drug benefit in the first 5 years. These costs could be much greater if more dual eligibles sign up for prescription drug coverage or if States have to cover the costs of drugs for dual eligibles that private drug plans do not cover.

West Virginia is scheduled to lose \$36 million in Federal Medicaid matching funds in 2006. And, it is still unclear how much implementation of the Medicare prescription drug law will cost. The additional cuts proposed by the President could result in West Virginia losing as much as \$100 million in Federal Medicaid matching funds next year alone. The hospitals, doctors, nursing homes and clinics in my State cannot afford to absorb cuts of this magnitude.

This budget isn't about reducing the Federal deficit. Otherwise, we would have eliminated the \$70 billion in tax cuts that are contained in this budget. We would have taken an objective look at entitlement spending, and not just focused on the program that provides health benefits to the working poor. We would have reined in excessive overpayments to private plans under Medicare and found ways to lower Medicare prescription drug costs.

This budget isn't about reforming the Medicaid program for the better. Otherwise, it would have addressed the real reasons Medicaid cost are going up: significant decreases in employer-sponsored health coverage and Medicare's gaps in long-term care coverage. Otherwise, the administration would have provided specific policy proposals for strengthening Medicaid for the future, instead of vague ideas that even the Congressional Budget Office could not score. If this budget were truly about improving Medicaid, then the administration would not be attempting

to shoehorn sweeping changes to the program into an arbitrary budget number. Instead, Medicaid policy would determine the budget number.

I would like to say to my colleagues that Democrats are happy to discuss strengthening the Medicaid program for the future. We are happy to work toward reforming the program for the better. However, the prescription for Medicaid must adequately address the larger problems with our health care system that have an impact on the program. This is clearly not the case with this budget.

The bottom line is that this budget is about choices, and this administration has chosen to unfairly target low-income working families. This budget robs the most vulnerable in our society, while simultaneously giving greater tax breaks to the rich. This is unacceptable. The Federal Government has a responsibility to maintain its commitment to Medicaid in order to protect access to health care for working Americans.

That is why I oppose the \$15 billion in Medicaid cuts included in the budget and will vote for the Smith-Bingaman amendment to strike these cuts from the budget resolution.

Mr. AKAKA. Mr. President, I support the floor amendment offered by my colleagues Senators BINGAMAN and SMITH to strike the cuts from Medicaid and the State Children's Health Insurance Program, SCHIP, in the budget resolution.

The budget resolution includes \$15.2 billion in reductions in mandatory programs that are part of Function 550, which is limited to health programs. Medicaid and SCHIP are the only mandatory programs in this category that are under the jurisdiction of the Senate Finance Committee.

The reductions in Medicaid included in the budget resolution will lead to further cuts in coverage and benefits for people in need. They will prevent individuals from being able to access health care, which will increase the burden on our public health system. In Hawaii, Medicaid and QUEST, Hawaii's program that provides health coverage through managed care plans for eligible lower income residents, provided essential health services to nearly 190,000 people in 2002. For those in rural Hawaii, particularly the elderly, Medicaid provides access to health care that they might otherwise have to go without. The Medicaid cuts will further erode the ability of hospitals, clinics, physicians, and other medical providers to meet the health care needs of our communities. These very same health care providers already are confronted with inadequate reimbursements, rising costs, and an increasing demand to provide care for the uninsured.

Without doubt, the Medicaid reductions in the Senate budget plan would adversely affect health care coverage for low-income, uninsured Americans. Medicaid programs are demanding a

larger share of state spending than they have in recent years. Reducing the Federal commitment to Medicaid will push additional costs to the States and increase the number of people who are uninsured or under-insured.

Contributing to the obstacles in delivering quality health care to those who need it the most are the critical losses that a majority of states will see in their Federal Medical Assistance Percentage, FMAP. The FMAP formula is designed to pay a higher FMAP to states with lower per capita income relative to the national average. According to the Federal Funds Information for States in its report, Fiscal year 2006 FMAP projections, 30 States are projected to experience cuts in their FMAP. This aggregate FMAP cut translates into an \$850 million reduction in FY 2006 Medicaid grants to the impacted states. The five states facing the largest FMAP decreases include Alaska, Wyoming, New Mexico, North Dakota, and South Dakota.

Hawaii faces a projected FMAP decline of 0.7 percent for FY 2006, which translates to a loss of \$655,000 that could be used to provide health care to the citizens of my state. While it may seem like a small decline compared to larger, more prosperous states, let me assure you that the loss will be felt. In a June 2004 report by the Families USA organization, nearly one out of three people under the age of 65 went without health insurance for all or part of the 2-year period from 2002-2003 in Hawaii. More alarming is the statistic that nearly 82 percent of uninsured people in Hawaii are members of working families. The report went on to make the distinction that 61 percent of families in Hawaii, at or below 200 percent of the Federal poverty level, were uninsured.

In 2005, it is estimated that the Hawaii Medicaid program will spend just over \$929 million. Of this, the Federal Government will contribute nearly \$544 million. A substantial portion of Hawaii's health care industry relies on Medicaid spending. In 2002, Medicaid payments infused Hawaii's hospital system with more than \$106 million. In addition, Medicaid is the primary payer for 70 percent of Hawaii's certified nursing facility residents. Any cut in Medicaid funding will have a profound effect on the economic viability of Hawaii's health care system and its ability to care for people in need.

Medicaid costs for States have soared in recent years, driven by rising health-care costs, an aging population that relies largely on Medicaid to pay for nursing homes, and a recession that sent more people to state-supported health care. Medicaid reform needs to have a reform discussion that is not driven by an arbitrary budget number.

While I support improving the health care delivery system for all citizens of our country, the need for unique legislation to satisfy an essential, fundamental need is indicative of the flaws

in the current Medicaid system and an issue that the commission proposed by this amendment can address. Medicaid needs more funding, not less. Escalating costs, the increase in the number of uninsured, FMAP cuts, and the clawback provision in the 2003 Medicare drug benefit legislation only serve to put more pressure on state budgets. I urge my colleagues to support this amendment to restore dollars available to provide essential Medicaid coverage to our country's most vulnerable citizens.

Mr. KENNEDY. Mr. President, Medicaid provides a critical safety net for 53 million Americans—low-income children, parents, disabled and elderly citizens who have nowhere else to turn for health care. Medicaid now provides health care for 1 in every 5 children. It pays for one-third of all births in this country, almost 40 percent of all long-term care expenses, a sixth of all drug costs, and half of the States' mental health services. It also is the largest payer of services for AIDS patients.

What does it say about the leadership of this Senate that it proposes to cut \$15 billion from Medicaid? That program provides health care for 25 million children, 13 million low-income adults, and 15 million disabled and elderly Americans. These cuts are proposed at the very same time the budget once again proposes large new tax cuts tilted toward higher income households. Our colleagues say they have no choice but to make these cuts to Medicaid because of the large deficit. But the large deficit was created by the large tax breaks for the rich, not by Medicaid.

The budget is a blueprint of Congress' priorities for the Nation. This Congress once again shows that it cares more about those who have the most than it does about those who have the least. How can we possibly continue to give tax breaks each year to the wealthy, and reduce health benefits for the poor to pay for them. Those are not the values we stand for.

In fact, the budget cuts in the Senate resolution are even deeper than the cuts proposed in the administration budget. Even if the Finance Committee adopts every cut the President proposed to Medicaid, they will still need to come up with an additional \$7 billion in cuts to meet the target in this bill.

We need to maintain the Federal commitment to medical care for the poorest of the poor. If we weaken the Federal commitment, these men, women, and children will go without care, or show up at the emergency room door. We know that lack of access to care causes harmful consequences. We cannot abandon our responsibility to provide for those among us who are less fortunate.

This budget will force the States to pick up costs that the Federal Government should be covering. It will result in a massive shift of responsibility from the Federal Government to the

States. We already have shifted much of the cost of the elderly to the States, costs that should be covered by Medicare. More than 40 percent of all Medicaid expenditures are used to fill the gaps in Medicare. Medicaid pays for their long-term care, their prescription drugs, and their cost-sharing.

Medicaid is the largest source of long-term care today. The more than 7 million persons who are eligible for both Medicare and Medicaid are among the most vulnerable. Seventy percent of them have incomes below \$10,000. Nearly one in four live in long-term care facilities. They are twice as likely to have Alzheimer's disease, and more likely to have diabetes and stroke than others on Medicare beneficiaries. They are a small proportion of the Medicaid population, but their costs are among the highest. Medicare will start paying for prescription drugs for the dually eligible next January, but the states will see little or no relief. In fact, because of the so-called "clawback" formula in the prescription drug law, many states will end up sending the federal government more money for picking up these drug costs than they would have spent without the drug bill. What kind of relief is that?

We can all agree that we need to improve Medicaid. We have an opportunity to improve the program, but that is not what this budget does. This budget is not driven by policy—it is driven by an arbitrary number that was picked by the leadership as their deficit reduction target. The Federal Government needs to maintain its commitment to health care, not try to weaken it and dump the costs on the states. We need to help the states provide health care, not cut federal funding and put a bigger burden on them. But that is exactly what this budget does.

Some on the other side describe these cuts as minor, or as reductions in growth, or as necessary Medicaid reforms. Don't believe a word of that. Nothing is further from the truth. There are no policy reasons for these cuts. They are large, harmful cuts that are being made so that they can say they are reducing the deficit. But if you look at the numbers, this budget doesn't reduce the deficit—it increases it over the next 5 years. Despite these harmful cuts in Medicaid, they add yet another round of tax breaks. Where is the fairness in that? It is Robin Hood in reverse steal from the poor to give to wealthy.

Our colleagues say we need to cut Medicaid because it is growing too fast. The reason is obvious. It is growing because over the past 4 years, more people are losing their jobs and their health care, falling into poverty, and finding themselves with no option but Medicaid. That is what is responsible for Medicaid's growth.

Over the past 4 years, the number of uninsured has climbed from 40 million to 45 million, and it is expected to continue growing for the foreseeable fu-

ture. The number of uninsured would have been much greater without Medicaid. During the same time period that the number of uninsured increased by 5 million, the number of Americans on Medicaid grew by 9 million. If Medicaid had not been available to them, we would be facing 54 million uninsured. Is that the kind of policy the Nation wants to promote?

Medicaid enrollment grew 40 percent over the past 5 years, and it is projected to grow another 5 percent this year. Enrollment growth is causing Medicaid's rising cost, not inefficiencies, or fraud, or abuse. In fact, the cost of private employer-sponsored health insurance has grown at twice the rate of Medicaid. The percentage of Americans with employer-sponsored health insurance fell, but the number of Americans on Medicaid grew, and that growth was largely caused by the bad economy, the continuing decline of employer health insurance, and the soaring cost of prescription drugs.

Cutting costs is the wrong prescription for Medicaid. This amendment will give us time to assess Medicaid fairly, and base any changes on sound policy, not arbitrary budget cuts. These cuts will have a real impact on real people. Millions may lose their only hope for health care if we allow these cuts to stand. Emergency rooms will have more and more patients with nowhere else to turn, and the Nation's health care safety net will continue to fray. That is not the kind of budget we ought to be approving.

I urge my colleagues to vote for the Smith-Bingaman amendment. Our goal on Medicaid is to improve it, not dismantle it.

Mr. OBAMA. Mr. President, over the last century, the Nation has witnessed tremendous advances in medical science and technology. We now have treatments and cures for diseases and conditions that were at one time surely fatal. Thirty years ago, if children developed cancer, doctors couldn't save their lives. Today, more than three-quarters of children with cancer survive. Heart disease is no longer the leading cause of death because of significant improvements in medical treatment and surgical procedures. Americans with AIDS are living many years longer and spending more time at home and not in hospitals because of new drug cocktails that prevent infections and other deadly complications.

The unfortunate and bitter irony is that while the number of medical breakthroughs continues to increase, so does the number of Americans who will never benefit from them. Right now, 45 million Americans have no health care coverage, and this number continues to rise. Over a 2-year period, over 85 million Americans have not had continuous insurance coverage. In this land of plenty and opportunity, 350,000 uninsured children with earaches and sore throats will never see a doctor. Sixteen million uninsured Americans

cannot afford to fill prescriptions. Uninsured women who develop breast cancer are 40 percent more likely to die, as are 50 percent of uninsured men with prostate cancer. The Institute of Medicine has reported that 18,000 adults die every year because they are uninsured.

For many Americans, Medicaid represents their only real hope of obtaining health care. Nationally, 53 million people rely on Medicaid coverage, including 25 million children, 13 million low-income adults, and 15 million disabled and elderly Americans. Nearly 16 percent of people who live in rural areas have Medicaid coverage, including more than 1 in 4 children in these areas. One quarter of African Americans and 20 percent of Hispanics rely on Medicaid, as do 9 percent of women.

In my home State of Illinois, Medicaid provides health coverage for 2 million residents. Over 30 percent of children in Illinois receive health care through KidCare. Nearly 65 percent of nursing home residents rely on Medicaid coverage.

Despite Medicaid's critical role in providing access to care, the Republican budget proposes to cut Medicaid by \$15 billion. This cut translates into an estimated \$287 million loss for Illinois. Experts report this funding could provide health care coverage for 200,000 children or 135,000 working parents in my State.

Some of my colleagues argue that we have no choice but to make large cuts to Medicaid because of the deficit. But these deficits were created by huge tax breaks for the rich, not by Medicaid, and we should not balance the budget at the expense of health care for low-income children, their parents, pregnant women and seniors. We cannot keep tax cuts for the rich and cut basic health care for the poor. We cannot retreat from our Federal commitment to Medicaid and leave the States holding the bag.

I agree the Medicaid Program is not perfect. The Smith-Bingaman amendment to create a commission to study the program and make recommendations for improvement is a reasonable approach. Sound policy, not politics or deficit concerns, should guide any changes to the Medicaid Program, and I am not convinced that we have examined or discussed the full range of Medicaid-related issues and options before us.

We cannot and should not deny millions of Americans access to basic health care. Medicaid is the Nation's safety net, and we should strengthen it, not destroy it. I am going to vote yes for the Smith-Bingaman amendment to strike proposed cuts in funding for Medicaid, and I urge my colleagues to join me.

AMENDMENT NO. 229

Mr. GREGG. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER (Ms. MURKOWSKI). Without objection, the pending amendment will be set aside, and the clerk will report.

The legislative clerk read as follows:

The Senator from New Hampshire [Mr. GREGG], for Mr. FRIST, proposes an amendment numbered 229.

Mr. GREGG. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To express the sense of the Senate regarding Medicaid reconciliation legislation consistent with recommendations from the secretary of health and human services)

Beginning on page 58, strike line 11 and all that follows through page 61, line 24, and insert the following:

SEC. 504. SENSE OF THE SENATE REGARDING MEDICAID RECONCILIATION LEGISLATION CONSISTENT WITH RECOMMENDATIONS FROM THE SECRETARY OF HEALTH AND HUMAN SERVICES.

(a) FINDINGS.—The Senate makes the following findings:

(1) The Medicaid program provides essential health care and long-term care services to more than 50,000,000 low-income children, pregnant women, parents, individuals with disabilities, and senior citizens. It is a Federal guarantee that ensures the most vulnerable will have access to needed medical services.

(2) The Medicaid program will spend \$189,000,000,000 in fiscal year 2006.

(3) During the period from fiscal year 2006 through fiscal year 2010, the Medicaid program will spend \$1,100,000,000,000.

(4) Over the same period, spending for the Medicaid program will increase by 40 percent.

(5) Medicaid provides critical access to long-term care and other services for the elderly and individuals living with disabilities, and is the single largest provider of long-term care services. Medicaid also pays for personal care and other supportive services that are typically not provided by private health insurance or Medicare, but are necessary to enable individuals with spinal cord injuries, developmental disabilities, neurological degenerative diseases, serious and persistent mental illnesses, HIV/AIDS, and other chronic conditions to remain in the community, to work, and to maintain independence.

(6) Medicaid supplements the Medicare program for more than 6,000,000 low-income elderly or disabled Medicare beneficiaries, assisting them with their Medicare premiums and co-insurance, wrap-around benefits, and the costs of nursing home care that Medicare does not cover. The Medicaid program spent nearly \$40,000,000,000 on uncovered Medicare services in 2002.

(7) This resolution assumes \$163,000,000 in spending to extend Medicare cost-sharing under the Medicaid program for the Medicare part B premium for qualifying individuals through 2006.

(8) Medicaid provides health insurance for more than 1/4 of America's children and is the largest purchaser of maternity care, paying for more than 1/3 of all the births in the United States each year. Medicaid also provides critical access to care for children with disabilities, covering more than 70 percent of poor children with disabilities.

(9) More than 16,000,000 women depend on Medicaid for their health care. Women comprise the majority of seniors (71 percent) on Medicaid. Half of nonelderly women with permanent mental or physical disabilities have health coverage through Medicaid. Medicaid provides treatment for low-income

women diagnosed with breast or cervical cancer in every State.

(10) Medicaid is the Nation's largest source of payment for mental health services, HIV/AIDS care, and care for children with special needs. Much of this care is either not covered by private insurance or limited in scope or duration. Medicaid is also a critical source of funding for health care for children in foster care and for health services in schools.

(11) Medicaid funds help ensure access to care for all Americans. Medicaid is the single largest source of revenue for the Nation's safety net hospitals, health centers, and nursing homes, and is critical to the ability of these providers to adequately serve all Americans.

(12) Medicaid serves a major role in ensuring that the number of Americans without health insurance, approximately 45,000,000 in 2003, is not substantially higher. The system of Federal matching for State Medicaid expenditures ensures that Federal funds will grow as State spending increases in response to unmet needs, enabling Medicaid to help buffer the drop in private coverage during recessions. More than 4,800,000 Americans lost employer-sponsored coverage between 2000 and 2003, during which time Medicaid enrolled an additional 8,400,000 Americans.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) the Committee on Finance shall not report a reconciliation bill that achieves spending reductions that would—

(A) undermine the role the Medicaid program plays as a critical component of the health care system of the United States;

(B) cap Federal Medicaid spending, or otherwise shift Medicaid cost burdens to State or local governments and their taxpayers and health providers, forcing a reduction in access to essential health services for low-income elderly individuals, individuals with disabilities, and children and families; or

(C) undermine the Federal guarantee of health insurance coverage Medicaid provides, which would threaten not only the health care safety net of the United States, but the entire health care system;

(2) the Secretary of Health and Human Services, working with bipartisan, geographically diverse members of the National Governors Association and in consultation with key stakeholders, shall make recommendations for changes to the Medicaid program that reflect the principles specified in paragraph (3); and

(3) the Committee on Finance, consistent with such recommendations, shall report a reconciliation bill that—

(A) allows any Medicaid savings to be shared by the Federal and State governments;

(B) would emphasize State flexibility through voluntary options for States; and

(C) would not cause Medicaid recipients to lose coverage.

Mr. GREGG. I yield back such time as I have.

The PRESIDING OFFICER. Under the previous order, the Senator from Maryland is recognized.

Mr. SARBANES. Madam President, I ask what the time situation is and the parliamentary situation.

The PRESIDING OFFICER. The Senator will have 15 minutes equally divided on the amendment.

Mr. SARBANES. I yield myself 3 minutes of the 7½ minutes that I have available.

AMENDMENT NO. 156

Mr. SARBANES. Madam President, I send an amendment to the desk.

MARCH 4, 2005.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maryland [Mr. SARBANES], for himself, Mr. NELSON of Florida, Ms. STABENOW, Mrs. MURRAY, Mr. CORZINE, Mr. FEINGOLD, Mr. REED, Mr. LEAHY, Mr. KENNEDY, Mrs. CLINTON, Mr. DURBIN, Mrs. FEINSTEIN, Ms. MIKULSKI, Mr. SCHUMER, Mr. DAYTON, Mr. JEFFORDS, Mr. DODD, Mr. OBAMA, Mrs. BOXER, Mr. HARKIN, Mr. BAUCUS, Mr. BAYH, Mr. BYRD, Mrs. LINCOLN, Mr. JOHNSON, Mr. KERRY, and Mr. LIEBERMAN, proposes an amendment numbered 156.

Mr. SARBANES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To restore funding for the Community Development Block Grant (CDBG) program and other programs proposed to be eliminated and to retain the administration of these programs at their current agencies by adopting proposals to close certain tax loopholes that were approved by the Senate in the last Congress)

On page 3 line 10, increase the amount by \$427,000,000.

On page 3 line 11, increase the amount by \$627,000,000.

On page 3 line 12, increase the amount by \$455,000,000.

On page 3 line 13, increase the amount by \$214,000,000.

On page 3 line 14, increase the amount by \$103,000,000.

On page 3 line 19, increase the amount by \$427,000,000.

On page 3 line 20, increase the amount by \$627,000,000.

On page 3 line 21, increase the amount by \$455,000,000.

On page 4 line 1, increase the amount by \$214,000,000.

On page 4 line 2, increase the amount by \$103,000,000.

On page 4 line 7, increase the amount by \$1,890,000,000.

On page 4 line 16, increase the amount by \$427,000,000.

On page 4 line 17, increase the amount by \$627,000,000.

On page 4 line 18, increase the amount by \$455,000,000.

On page 4 line 19, increase the amount by \$214,000,000.

On page 4 line 20, increase the amount by \$103,000,000.

On page 16 line 15, increase the amount by \$1,219,000,000.

On page 16 line 16, increase the amount by \$38,000,000.

On page 16 line 20, increase the amount by \$365,000,000.

On page 16 line 24, increase the amount by \$442,000,000.

On page 17 line 3, increase the amount by \$207,000,000.

On page 17 line 7, increase the amount by \$103,000,000.

On page 17 line 16, increase the amount by \$671,000,000.

On page 17 line 17, increase the amount by \$389,000,000.

On page 17 line 21, increase the amount by \$262,000,000.

On page 17 line 25, increase the amount by \$13,000,000.

On page 18 line 4, increase the amount by \$7,000,000.

On page 30 line 16, decrease the amount by \$427,000,000.

On page 30 line 17, decrease the amount by \$1,826,000,000.

On page 48 line 6, increase the amount by \$1,890,000,000.

On page 48 line 7, increase the amount by \$427,000,000.

Mr. SARBANES. Madam President, first, let me say at the outset, because I neglected to do so the other day in the general debate, that I commend both the chairman of the Budget Committee and the ranking minority member of the Budget Committee for the fair and expeditious way in which consideration of this resolution was conducted in the committee. We have a new chairman. It is always a challenge, and I want to express to him my recognition of the fair process conducted in the committee, which is, of course, essential to the Senate working through controversial issues and trying to reach a solution.

This amendment would restore approximately \$1.89 billion in cuts that are in the administration's proposed budget to the Community Development Block Grant Program and a number of other development programs that have been proposed for elimination. It would bring all of those programs back to the 2005 level. It is my view, and the view of a majority of the Members of the Senate expressed in a letter sent to Chairman GREGG and Senator CONRAD, that the administration of these 18 programs should remain as they are currently constituted.

In other words, the community development block grant should continue to be housed at HUD, the rural programs at USDA, and this effort to shift all of them over to the Department of Commerce, an idea which has not been considered, not examined, not brought to the floor of the Congress, ought not to be carried through.

I am going to focus on the CDBG Program primarily because very substantial cuts have been proposed in the budget.

Roy Bernardi, the Deputy Secretary of HUD, a former mayor of Syracuse, has said that the foundation of virtually all community and economic development occurring across the Nation is CDBG. This is the Deputy Secretary of HUD, formerly mayor of Syracuse. He said:

We must continue to support and build upon programs that work, those that have a proven record of flexibility and the ability to fit in with locally determined needs. CDBG is such a program and ranks among our Nation's oldest and most successful programs.

I have two letters strongly supporting full funding for the CDBG Program at HUD, signed by a host of State, city, and county organizations, such as the National League of Cities, the U.S. Conference of Mayors, National Association of Counties, and the National Governors Association.

I ask unanimous consent those two letters be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Hon. JUDD GREGG,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

Hon. KENT CONRAD,
Ranking Member, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR CHAIRMAN GREGG AND RANKING MEMBER CONRAD: As you prepare to consider the FY 2006 Budget Resolution, we the undersigned organizations want to convey our opposition to proposed cuts in the FY 2006 Department of Housing and Urban Development (HUD) budget. We respectfully request that you craft a Budget Resolution that will provide adequate budget authority for all HUD programs and maintain important community and economic development functions and funding at HUD.

Of particular concern to us is the proposed elimination of the Community Development Block Grant (CDBG) program along with 17 other federal community and economic development grant programs. We oppose in the strongest terms the elimination of CDBG, and we urge you to reject the proposed "Strengthening America's Communities" (SAC) Initiative and support full funding for the CDBG program at HUD.

As you know, the FY 2006 Budget would effectively eliminate 18 community and economic development programs, including CDBG, and create an entirely new initiative to be operated by the Department of Commerce. Proposed funding for this "consolidated" program would be \$3.7 billion, a 35% reduction in funding when compared to total FY 2005 appropriations for the 18 programs targeted for elimination under the initiative. Consider that Congress funded the CDBG program alone at \$4.7 billion in FY 2005, \$1 billion more than the entire proposed budget for the SAC initiative.

Eliminating these 18 programs and substantially reducing the federal investment in community and economic development would have a devastating impact on state and local governments. Each of these existing programs is an important and necessary component of urban, suburban, and rural communities' efforts to revitalize neighborhoods, expand affordable housing opportunities and create economic growth. We believe that CDBG is the glue that holds these efforts together.

For 30 years, the CDBG program has served as the cornerstone of the federal government's commitment to partnering with state and local governments to strengthen our nation's communities and improve the quality of life for low- and moderate-income Americans. Since its inception, CDBG has made a real and positive difference in communities across America, and there is no shortage of CDBG success stories. Many of the groups that signed this letter have been working in partnership with HUD and the Office of Management and Budget (OMB) in a good faith effort to improve the CDBG program's ability to measure performance. As a result of this effort, HUD plans to unveil a new outcome-based measurement system in early 2005. As recently as November 2004, OMB endorsed this undertaking. We believe this new system will verify what is already obvious: CDBG works.

CDBG's emphasis on flexibility and local determination of priority needs through citizen participation is allowing state and local governments to achieve real results. According to HUD's "Highlights of FY 2004 CDBG Accomplishments," CDBG funding led to the creation or retention of more than 90,000 jobs in the last year alone. Thanks to CDBG, in 2004 over 130,000 rental units and single-family homes were rehabbed, 85,000 individuals received employment training, 1.5 million youth were served by after-school enrich-

ment programs and other activities, and child care services were provided to 100,065 children in 205 communities across the country. CDBG also funded nearly 700 crime prevention and awareness programs. Additionally, more than 11,000 Americans became homeowners last year thanks to CDBG funding. CDBG remains a smart, efficient form of investment, as it continues to leverage around three dollars for every dollar of federal investment. It certainly did not come as a surprise to us when HUD Secretary Alphonso Jackson, in a March 2nd appearance before the House Financial Services Committee, stated, "The program works."

The CDBG program's design is especially successful at targeting resources to those who need them most. In 2004, 95 percent of funds expended by entitlement grantees and 96 percent of state CDBG funds expended were for activities that principally benefited low- and moderate-income persons. A full half of persons directly benefiting from CDBG-assisted activities were minorities, including African Americans, Hispanics, Asians, and American Indians. Despite the fact that economic challenges and pockets of poverty exist in almost all American communities, adoption of the SAC initiative would almost certainly result in a complete loss of funding for a significant number of communities.

For all of the reasons detailed above, we believe that CDBG should remain at HUD and receive full funding of at least \$4.7 billion in FY 2006. We also believe it is premature for the Budget Resolution to even address such a far-reaching change to the program before the numerous committees of jurisdiction have had sufficient opportunity to hold appropriate hearings on the topic. We urge you to craft a Budget Resolution reflecting those sentiments. More specifically, we strongly encourage you to include language in your Resolution clearly stating that the Resolution "does not assume enactment of the proposed 'Strengthening America's Communities' Initiative nor the proposed reduction in funding for the CDBG program included in the Administration's FY 2006 budget."

We thank you for your favorable consideration of this request.

Sincerely,

Council of State Community Development Agencies.

The Enterprise Foundation.
Habitat for Humanity International.
Housing Assistance Council.
Local Initiatives Support Corporation.
National Association for County Community and Economic Development.
National Association of Counties.
National Association of Housing and Redevelopment Officials.
National Association of Local Housing Finance Agencies.
National Community Development Association.
National Conference of Black Mayors.
National League of Cities.
National Low Income Housing Coalition.
United States Conference of Mayors.

MARCH 15, 2005.

Hon. BILL FRIST,
Majority Leader, Office of the Senate Majority Leader, Capitol Building, Washington, DC.
Hon. HARRY REID,

Minority Leader, Office of the Senate Minority Leader, Capitol Building, Washington, DC.

DEAR MAJORITY LEADER FRIST AND MINORITY LEADER REID: As a diverse coalition of organizations representing the nation's community and economic development practitioners, elected officials and constituency groups, we are writing to express our overwhelming opposition to the Administration's

proposal to eliminate 18 federal community and economic development programs and reduce federal grant assistance for distressed and underserved local communities by \$2 billion each year. We strongly urge you to restore these vital resources as part of the FY2006 congressional budget resolution.

At a time when nearly every American business and community is confronting intense competition from emerging and developing nations, the federal government should be expanding its resources and assistance for local community and economic development. Instead, the Administration is recommending a 34 percent funding cut and more unfunded mandates for our nation's state and local governments. The President's plan would also significantly diminish and eviscerate the federal role in community development projects such as providing first-time access to clean and drinkable water, affordable housing and community facilities for our nation's poorer areas and citizens.

From our perspective as the constituencies at the frontlines of community and economic development, we feel strongly that the current federal investment of \$5.7 billion each year is a solid, wise and effective investment in our nation's local communities. While we understand and recognize the current federal budget climate, we must point out that the proposed funding cut represents less than one-half of a percent of last year's federal deficit. More importantly, the \$2 billion reduction in federal investments will result in the loss of at least \$18 billion in matching and leveraging investments by the private sector and other governmental and nonprofit programs at the state and local level.

Our nation's distressed regions, communities and neighborhoods need national leadership, models of innovation and matching funds for locally-led projects and initiatives. Instead, we fear the Administration's proposal will result in more communities marking time in the land of lost opportunity.

Sincerely,

American Planning Association.
American Public Works Association.
Association for Enterprise Opportunity.
Center for Rural Affairs.
Coalition of Community Development Financial Institutions.
US Conference of Mayors.
Council of State Community Development Agencies.
Local Initiatives Support Corporation.
National Association of Counties.
National Association of Development Organizations.
National Association of Regional Councils.
National Association of RC&D Councils.
National Association of Local Housing Finance Agencies.
National Community Capital Association.
National Community Development Association.
National Farmers Union.
National Low Income Housing Coalition.
National Rural Funders Collaborative.
National Rural Housing Coalition.
Northeast-Midwest Institute.
Rural Community Advancement Program.
The Enterprise Foundation.

Mr. SARBANES. Madam President, the private sector strongly supports CDBG.

Doug Woodruff, Senior Vice President of the Bank of America, said at a recent Hill briefing:

From the perspective of the private sector, the CDBG program provides a valuable and irreplaceable function in the continuum of efforts that surround many revitalization projects.

The success of CDBG is unquestionable. It has produced over 2 million jobs in its 30-year history, and generated more than \$50 billion in personal earnings.

I want to address one other point; that is, how do we restore the funding? That is always a question. It is a matter of priorities.

This amendment proposes to restore the funding by eliminating tax loopholes that were closed by this body in the last Congress. Ninety-two Members voted to do this. A lot of those provisions were dropped in conference.

Just 2 weeks ago, colleagues supported closing these loopholes in the context of the minimum wage debate. Obviously, these loopholes should be closed. The headlines are screaming "abusive tax shelter schemes." The GAO recently reported that 60 of the Nation's largest corporations used and abused tax shelter services in recent years.

Some want to cut other programs but this would mean taking from Peter to pay Paul. We have a perfect opportunity here to recoup valuable revenues that are now being lost through these tax shelter schemes. That is the tradeoff in this amendment.

I urge my colleagues to support it.

How much time do I have remaining?

The PRESIDING OFFICER. Two minutes forty seconds.

Mr. SARBANES. I yield half of that time to the Senator from Michigan.

Ms. STABENOW. Madam President, I appreciate very much having an opportunity to support this amendment and to be a cosponsor. I thank my colleague from Maryland for his leadership.

This is a small way in which we support local communities to create jobs, revitalize neighborhoods, support infrastructure, water, sewer, roads—those things that help create jobs.

From the highlights of the 2004 CDBG accomplishments, they show very specifically that they created or had the retention of more than 90,000 jobs last year. In a State like Michigan, this is incredibly important. Over 130,000 rental units and single-family homes were rehabbed, 85,000 individuals received employment training, 1.5 million children were served with afterschool enrichment programs, childcare services were provided to over 100,000 children and their families, 700 crime prevention and awareness programs, and 11,000 Americans became homeowners.

What is more important to each of us as parents than to be able to make sure we have shelter and a home for our children?

These are partnerships with local communities, small amounts of revenue that we bring together with our communities to make major impacts on the quality of life. That is what we are about—to partner with our local communities.

I urge the support of the amendment.

Mr. KENNEDY. Mr. President, I strongly support the Sarbanes amendment, which will prevent one the greatest failings of this President's Budget—its elimination of more than \$2 billion

from critically needed economic development and social service programs and the proposed consolidation of 18 valuable Federal programs into a single block grant under the so-called "Strengthening America's Communities Initiative."

I am heartened that so many of my colleagues have come together in opposition to these cuts—55 Senators wrote to the Budget Committee in an important show of bipartisanship 2 weeks ago.

Under the President's plan most American cities can expect at least a 35 percent cut in assistance from the Federal Government to help secure investment, house the poor, provide health care to the uninsured, and counsel the abused.

If the administration dislikes helping cities, they should have the decency to say so, instead of this charade where they try to hide massive cuts under the cloak of streamlining.

Their proposal insults the intelligence of mayors, community development officials, and social service agencies across the country—by cynically suggesting that somehow these cuts are going to make life better and be helpful to cities across America.

What makes these cuts so objectionable is they come at a time of great stress and difficulty for Americans who live in poverty. We are the wealthiest nation on earth. We are blessed with great abundance. Yet despite our great wealth, too many of our fellow citizens remain in the shadows, the prisoners of persistent and increasing urban and rural poverty.

The numbers are alarming. Today, nearly 36 million Americans live in poverty, and 3 million more working Americans live in hunger or on the verge of hunger today than in 2000. One out of five American children goes to bed hungry each night. We have it in our power to eliminate so much of this poverty.

At the very least, we shouldn't do anything to make it worse which is exactly what this "Strengthening America's Communities" plan from the White House would do. In the powerful words of the Gospel, "To whom much is given, much is required."

We need to pass the Sarbanes amendment, so that the work of tens of thousands of public officials, health officials, educators, community development experts toiling to improve living conditions in our cities isn't made any more difficult.

Mayors across the country on the front lines every day are struggling to create new jobs and attract capital investment. They are struggling to educate and house the children of the poor, and they are not fooled by this administration's misleading slogan "Strengthening America's Communities," because they know it is the exact opposite.

My friend, Mayor Clare Higgins of Northampton isn't fooled. She recently wrote me urging Congress to save Com-

munity Development Block Grants, one of the very few tools she has to meet Northampton's needs and one of the biggest programs on the President's chopping block.

Most recently, Northampton invested \$300,000 of these Federal funds to acquire the Interfaith Cold Weather Emergency Homeless shelter—the only cold weather shelter serving Hampshire County. It is a collaborative effort between area church groups and ServiceNet Inc., a local human service provider. Without these funds, there would be no cold weather shelter in Hampshire County.

Mayor Higgins wrote:

Without CDBG funds, the City will be unable to develop a planned senior center, public services that provide emergency food, homeless services, child care and after school programming, literacy skills and health care would not be funded; the City's ability to promote and develop affordable housing will be severely limited, parks and playgrounds will not be improved, and the City's ability to provide funding for the redevelopment of the former Northampton State Hospital will cease.

Mayor Tom Menino of Boston—the former head of the U.S. Conference of Mayors—isn't fooled. He knows what's at stake and recently conducted an analysis of the budget cuts on his city.

Since 1998 alone—

Mayor Menino stated at a recent press conference—the City of Boston has permitted almost 5,000 new units of affordable housing and permitted more than 12,000 other units. We have invested a total of \$7.8 million in CDBG funds in 19 large developments that have created a total of 1,175 apartments including 517 units for the formerly homeless.

He went on to say that this budget for housing, community development, and social services threatens to "throw the nation into the dark ages."

That doesn't sound like he believes his community will be "strengthened" by the Bush administration's cuts.

Mayor Menino believes the President's budget will mean the loss of \$8 million in Community Development Block Grant funding for Boston and the loss of \$5.5 million in Community Services Block Grant funding.

On any given night in the City of Boston, there are nearly 6,000 homeless men, women, and children in the city. Shelters in Massachusetts have been overflowing for 6 straight years, with 4 beds available for every 5 adults.

Yet the very support he has relied on to help build 133 units of affordable housing for homeless people, to help 500 low-income homeowners rehabilitate their properties, and to provide 130 first-time homebuyers with their down payments is now in grave danger.

How exactly is the mayor supposed to strengthen Boston when the support he needs to do it is getting the axe under this budget?

Other local officials tell the same story.

A letter I recently received from Elizabeth Cohen, Executive Director of Rape Crises Services of Greater Lowell, says:

Dear Senator Kennedy:

We need your help . . . We use CDBG Funds to support multilingual sexual assault support services. We are the only program in the Greater Lowell area and the only agency to have certified rape crisis counselors who speak Spanish and Khmer. With the elimination of this funding, we will have to cut back on these services, which will result in 100 Khmer-speaking clients being unable to have a counselor in their language . . .

As you know, immigrants and refugees already have many struggles when they move to a new city or new country. Having to deal with the trauma of sexual violence on top of the difficulties in housing, education, food and school can paralyze a family . . . Please don't let the President take away this funding for Lowell.

I ask the Senate, does this sound like we are strengthening communities with this budget?

In Lawrence—one of Massachusetts' and the Nation's poorest cities—CDBG funds have been used to amazing effect to leverage nearly \$110 million of investment in the remediation and redevelopment of an abandoned industrial brownfield site known as the Lawrence Gateway Project.

The city has invested nearly \$6 million of its CDBG funds in the project and formed a model partnership with GenCorp, a private company that has invested \$75 million so far in the redevelopment.

Today, Lawrence is continuing to use its CDBG funds to meet debt service payments on loans made to clean the properties.

Without these Federal funds, the partnership with GenCorp could not exist, and the City would not be able to do anything about this 15-acre, fenced-in, desolate property, which would stand as a stark reminder of the city's industrial past rather than as a symbol of the kind of innovative development needed to build a stronger future for the city.

How will we be strengthening Lawrence by eliminating one of the best ways they have to create investment partnerships with private businesses?

In addition to the community development block grant, the Sarbanes amendment will also preserve the community services block grant. These funds strengthen communities by funding local agencies, which provide services such as literacy, child health care, after school activities, low-income housing, food stamps, emergency shelter, and other support.

In Worcester, Patsy Lewis of the Worcester Community Action Council sent me a letter on just how devastating the President's plans to eliminate this program are.

Simply put, Patsy wrote, they would have to reduce or close their GED classes and partnerships for at-risk students in the public schools. The agency may even be forced to close.

Perhaps the President can explain how a community can be "strengthened" by eliminating GED programs.

Another person who isn't fooled about the effect of the President's devastating "Strengthening America's

Communities," budget cuts is Steve Teasdale, executive director of the Main South Community Development Corporation in Worcester, which is doing incredible work attacking poverty in one of Massachusetts most economically distressed neighborhoods.

The Main South Community Development Corporation was formed in 1986, when concerned citizens came together to revitalize the neighborhood surrounding Clark University, which was reeling from the economic and social devastation wrought by the loss of Worcester's industrial base.

The obstacles in Main South's path are considerable:

Between 1960 and 2000, the population of the neighborhood fell 35 percent from 5,600 to 3,700. The housing stock fell by 29 percent.

Over 40 percent of the population lives below the poverty line—and 17 percent have incomes lower than 50 percent of the poverty level.

At 11.4 percent, unemployment is double the city's rate of 6.3 percent. Over half of neighborhood households are headed by single parents.

The challenges confronting the community are great, and Federal funds made available through the community services block grant, the community development block grant, and HUD's section 108 loan program have been absolutely essential to the extraordinary successes of Main South in recent years.

CDBG funds were used at the outset to match a challenge grant from the Ford Foundation that provided for the creation of the entity, and enabled Main South to attract outside investment. The result is numerous accomplishments for the neighborhood.

Since 1988, Main South has acquired and rehabilitated 246 units of low and moderate income housing—137 of which had been abandoned, and 78 of which were fire-damaged, many from arson. The new homes added \$500,000 annually to Worcester's tax rolls.

In addition, as a direct result of Main South's housing rehabilitation, over \$20 million of investment has flowed back into the community. Three ongoing private developments represent another \$40 million of capital brought into the area.

Because of this Federal support, Main South has been able to be a true partner to Clark University, providing greater educational opportunity to neighborhood families—through a homework center, computer training classes, and career placement services.

In fact, because of the success of the partnership, Clark University lets neighborhood high school students take college classes and provides full tuition to neighborhood students who make the grade academically. This is extraordinary.

All of this has been made possible by the commitment and dedication of concerned community leaders—and the relatively modest sums of Federal support that are in danger with this budget before us.

Now Main South is taking on its greatest project, the Kilby-Gardner-Hammond Neighborhood Project.

This partnership between the Boys and Girls Club, the City, Clark University, and Main South will revitalize 30 acres of distressed industrial property consisting of over 40 vacant, trash-strewn lots.

It aims to transform the neighborhood through the construction of a \$7 million new Boys and Girls Club, between 70 to 80 affordable housing units, and a new outdoor track and field complex for Clark University students and neighborhood children alike.

It is a transformative project, with a total investment impact of \$30 million, much of that made possible by Section 108 loan guarantees that this budget would eliminate.

Without Section 108, Teasdale and Main South would never have been able to acquire the properties to put this project together. This fact alone should cause us to reject the administration's "strengthening communities" proposal—because it will do nothing of the sort.

The question has to be asked, [Teasdale recently wrote] is what would happen in these neighborhoods if such funding was severely restricted or cut back. The answer can only be assumed to be that the current problems in these areas would get worse as capital investment once again withdraws to safer havens and the social service needs of the resident populations are stripped away. Crime, substance abuse, lack of recreational and educational opportunities for the youth of these areas and the incidence of poverty can all be expected to increase if CDBG funding is no longer available.

The long-term social and financial costs associated with such cut backs would be deeply damaging and although the immediate impact would be most severely felt in our poorer urban communities the resulting social distress would eventually affect everyone.

Steve Teasdale and the leadership of the Main South Community Development Corporation know more about the day-to-day challenges affecting our poorer urban communities and the difficulties associated with urban economic revitalization than any of us, because they live it every day.

I ask my colleagues to consider his words and vote for the Sarbanes amendment, so we can save these critically important poverty prevention and economic development programs.

The Senate has a moral obligation not to make it harder for communities to solve the complicated issues of poverty and community development they face. Without the Sarbanes amendment, that is exactly what the Senate will allow to happen.

Mrs. FEINSTEIN. I rise today in support of Senator SARBANES' amendment to the Budget resolution that would restore funding to the Community Development Block Grant, CDBG, program and 17 other community and economic development programs proposed to be eliminated.

These programs are vital to our Nation's low and moderate income neigh-

borhoods, as these are the communities who need these programs the most.

Despite the proven results of the CDBG program and the other 17 community and economic development programs, the fiscal year 2006 budget proposes to consolidate these programs into a single Commerce Department program, resulting in a \$1.89 billion cut.

In fiscal year 2005, the total budget for all 18 community and economic development programs proposed to be consolidated, including CDBG, was \$5.6 billion.

The administration's proposal only provides \$3.7 billion for all 18 programs, leading to a \$1.89 billion cut in community development funds.

This major reduction would have a devastating impact on our Nation's neediest communities and families who rely on these programs.

The loss of funds would also impact our Nation's economy, affecting small businesses who receive loans to finance projects that lead to the creation and retention of jobs.

The Sarbanes' amendment would restore the proposed \$1.89 billion cuts to the CDBG program and 17 other community and economic development programs, such as the Community Development Loan Guarantees Program and Community Development Financial Institutions Fund; retain the administration of these important programs at their current agencies. For example, the CDBG program would remain at HUD and not be transferred to the Department of Commerce; accomplish this by closing tax loopholes that an overwhelming majority of Senators voted to close in the last Congress.

While the vote to close tax loopholes was not enacted, it offers us a bipartisan way to save community and economic development programs.

The Community Development Block Grant Program is one of the most effective Federal domestic programs to revitalize urban and rural communities.

Over the past 30 years, cities, counties, and States have used more than \$105 billion in CDBG funds.

Over 95 percent of CDBG funds have gone to projects and activities principally benefiting low- and moderate-income individuals and families such as housing development, recreation centers, clinics, day-care facilities, and job creation and training.

According to HUD's "Highlights of Fiscal Year 2004 CDBG Accomplishments," CDBG funding led to the creation and retention of more than 90,000 jobs and 85,000 individuals received employment training nationwide in the last year alone.

In 2004, CDBG funds also helped with the rehabilitation of over 130,000 rental units and single family homes, and allowed more than 11,000 Americans to achieve the American Dream and become homeowners.

Additionally, nearly 700 crime prevention and awareness programs were

funded and child care services were provided to 100,065 children in 205 communities across the country.

In my State of California, CDBG grants are critical to both urban and rural cities who rely on these funds to serve many low-income neighborhoods.

In fiscal year 2005, California received over \$526 million in CDBG funds, accounting for 12.8 percent of the total \$4.1 billion grant program.

Of these funds, for example, California cities and counties received \$82.8 million to the city of Los Angeles and \$34.6 million to Los Angeles County; \$24.6 million to the city of San Francisco; \$11.5 million to Riverside County; \$8.4 million to San Bernardino County; and \$5.5 million to Fresno County.

Over the past 5 years, the diverse use of CDBG funds have allowed Los Angeles County to develop almost 9,000 affordable housing units, to create and preserve over 2,000 jobs, to remove over 32 million square feet of graffiti, and to provide loans and technical assistance to over 5,000 businesses among other programs.

Cuts to the CDBG program would greatly hurt Los Angeles County's low income residents, the primary beneficiaries of CDBG-funded services.

According to 2000 Census data, 17.9 percent of Los Angeles County residents had incomes below the poverty level, a far higher poverty rate than the 12.4 percent national average.

CDBG funds have not only benefited large urban counties like Los Angeles, but rural counties and cities in California as well. Here are a few examples:

The city of Porterville in the Central Valley, which has a population of over 39,000 and an unemployment rate of 12.3 percent, has utilized CDBG funds to rehabilitate over 50 homes and assist more than 200 first time homebuyers purchase their first home. Many of these first time homebuyers are farm worker families.

The city of Victorville, located in San Bernardino County, served over 2,900 senior citizens, youth, homeless, disabled, victims of domestic violence, and low-income families in 2004 with CDBG funds. Over \$51,550 in CDBG grants were provided to low-income senior and disabled homeowners to rehabilitate their homes, ensuring that Victorville citizens have a safe place to live.

As you can see, CDBG funds are crucial to closing the disparity between rich and poor in so many communities in California and throughout the country.

As a former mayor, I know that CDBG resources are the most flexible dollars within city government, making them extremely valuable to the economic vitality of local communities.

We cannot allow these funds to be cut.

To do so would send the wrong message to our country's neediest communities and families who rely on these funds the most.

Although CDBG is one of the main community development programs slated for consolidation and cuts in the fiscal year 2006 budget, there are 17 other important programs that would be impacted as well.

Specifically, I would like to touch on a few of the following programs that have had a substantial benefit to counties and cities:

Community Development Loan Guarantees, section 108 loan program, funded at \$7 million in fiscal year 2005, is used often with CDBG funds to finance the construction of new facilities and economic development activities such as business loans.

Through the section 108 Loan Program, the city of San Francisco has been able to construct 13 new childcare facilities which created 599 new slots for children of low-income families, and created 200 new jobs through 8 business start ups and expansions.

Brownfields Economic Development Initiative, which received \$24 million in fiscal year 2005, used with the section 108 loan program, helps finance the redevelopment of seriously contaminated sites.

Cities throughout California and the Nation have received assistance through these funds to conduct environmental engineering assessments for site cleanup activities.

This amendment would also restore funding for the Community Development Financial Institutions, CDFI, which provides private sector investors with tax credits to raise money for hard to finance development projects in low-income areas, as well as other economic development programs. CDFI received \$55 million in funding this year.

These community and economic development programs proposed to be cut in the fiscal year 2006 budget put Federal dollars where they are needed most by funding projects that are unique to the problems they address.

The proposed cuts to the CDBG program and 17 other programs would result in higher unemployment, diminish business creation and retention, increase the number of blighted buildings, and the number of homeless people who cannot find affordable housing.

The loss of these dedicated funds would profoundly affect our country's low and moderate income communities and residents.

We must not allow this to happen.

I urge my colleagues to vote for the Sarbanes amendment to restore funding for CDBG and the 17 other community and economic development programs proposed to be eliminated.

Mr. LEAHY. Mr. President, I rise today to address shortfalls in the budget resolution for key community and economic development programs. The budget before us includes a reduction of roughly \$2 billion in Federal assistance to distressed and underserved communities. These cuts are shortsighted, ill-advised and represent a significant retreat from our long-standing

commitment to invest in our Nation's communities. I join Senator SARBANES in offering an amendment to restore funding for these programs to their fiscal year 2005 levels.

Last year the Federal Government invested \$5.7 billion in communities across the country through a network of community and economic development programs. These programs were used to enhance social services, invest in infrastructure, promote affordable housing, provide public services and revitalize our downtowns. These investments changed the face of our cities and helped improve the standards of living across the Nation.

Unfortunately, the President has proposed to eliminate this network of programs and replace them with a single block grant at the Department of Commerce. Eighteen programs are on the chopping block, including the Community Development Block Grant, CDBG, the Community Development Financial Institutions Fund, CDFI, the Community Services Block Grant, CSBG, Brownfields Economic Development Initiatives and the Economic Development Agency, EDA. I find this proposal underwhelming and unacceptable. To add insult to injury the President has proposed, and this budget includes, only \$3.7 billion for community and economic development activities covered under this initiative—a 34-percent reduction in all programs combined. This is simply not adequate.

Each of the programs slated for elimination was created for a specific purpose, each serves targeted constituencies and addresses distinct needs. Consolidating and under funding these programs would leave critical gaps in the web of support for our Nation's cities and towns. I question the President's assertion that these programs are ineffective or inefficient and I question the wisdom of starting a new program at a new agency when the old system is not broken.

I am particularly concerned with the elimination of the Community Development Block Grant program. CDBG is the centerpiece of the Federal government's efforts to help States and localities meet the needs of low-income communities. CDBG funds vital housing rehabilitation, supportive services, public improvements and economic development projects in communities across the Nation. It serves more than 1,100 entitlement communities, urban counties and States, and more than 3,000 rural communities.

Last year over 95 percent of CDBG funds went to activities benefiting low and moderate income persons. CDBG housing projects assisted over 160,000 households, public service projects benefited over 13 million individuals, and economic development projects helped create or retain over 90,000 jobs. Vermont used CDBG grants to rehabilitate over 270 units of affordable housing and help create or preserve over 150 jobs.

I recently led a bipartisan letter with Senator COLEMAN to the Budget Committee attesting to the effectiveness of CDBG and urged that it be fully funded and retained at the Department of Housing and Urban Development. Fifty-seven members of the Senate joined me in this letter.

I ask unanimous consent to print this letter in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,

Washington, DC, March 2, 2005.

Hon. JUDD GREGG,
Chairman, Committee on the Budget,
U.S. Senate, Washington, DC.

Hon. KENT CONRAD,
Ranking Member, Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR CHAIRMAN GREGG AND RANKING MEMBER CONRAD: The Community Development Block Grant (CDBG) Program funds housing rehabilitation, supportive services, public improvements and economic development projects in communities across the nation. CDBG serves more than 1,100 entitlement communities, urban counties and states, and more than 3,000 rural communities. We urge the Budget Committee to maintain the Federal government's current commitment to community development programs at the Department of Housing and Urban Development and support a budget allocation of \$4,732 billion in Function 450 for CDBG, Section 108 economic development loan guarantees, and the Brownfields Economic Development Initiative.

HUD is the Federal Department principally responsible for community economic development. CDBG is the center piece of the Federal government's efforts to help states and localities meet the needs of low-income communities. Section 101 of the Housing and Community Development Act created the CDBG program to consolidate a number of complex and overlapping programs of financial assistance in order to encourage community development activities which are consistent with comprehensive local and areawide development planning; to further the national housing goal of a decent home and a suitable living environment for every American family; and to foster the undertaking of housing and community development activities in a coordinated and mutually supportive manner by Federal agencies and programs, as well as by communities. HUD's community development programs coupled with HUD's housing and homeless programs and supportive services, provide communities with a comprehensive approach to serving the needs of residents. CDBG is the glue that holds other Federal programs serving low-income communities together.

The Strengthening America's Community proposal aims to create strong accountability standards, offer flexibility to communities and create a more unified federal approach. These goals are already hallmarks of the CDBG program. On the 30th Anniversary of CDBG in 2004, HUD Deputy Secretary Roy Bernardi said the following about the program: "HUD has a long history of 'being there' and providing help for people, particularly those with the greatest needs—our lower income constituents. CDBG has certainly been there, during boom years and most importantly in times of tightening budgets, which place greater demands on existing services. We must continue to support and build upon programs that work, those that have a proven record of flexibility and the ability to fit in with locally determined needs. CDBG is such a program and ranks

among our nation's oldest and most successful programs. It continues to set the standard for all other block grant programs."

The Strengthening America's Communities proposal would recreate a block grant program similar to CDBG within the Department of Commerce. The Department of Commerce, however, does not have the vital infrastructure or institutional capacity to provide a comprehensive approach to neighborhood development. Replicating HUD's CDBG program within the Department of Commerce would require rebuilding HUD's "infrastructure" and would result in inefficiencies, greater complexity and less aid to fewer cities, an approach which does not serve America's communities or taxpayers. CDBG's success depends on a locally driven, citizen participation process that provides flexibility and does not take a "one-size-fits-all" approach. The needs of Nashua, New Hampshire; Bismarck, North Dakota; Cincinnati, Ohio and Kansas City, Missouri are very different from the needs of Miami, Florida; El Paso, Texas; Pueblo, Colorado; or San Diego, California. CDBG is capable of addressing the diverse needs of these communities whether it is housing rehabilitation, homeownership, supported services for the elderly or children, business development or infrastructure improvements.

CDBG is one of the most effective Federal domestic programs to revitalize neighborhoods with proven results. Over 95 percent of CDBG funds went to activities principally benefiting low- and moderate-income persons. Twenty-eight percent of CDBG funds supported housing activities in distressed communities, 24 percent supported public improvements, 15 percent went to the provision of public services, and 7 percent supported economic development activities. In FY2004, CDBG housing projects assisted 168,938 households. Public service projects funded with CDBG served 13,312,631 individuals. Economic development programs funded by CDBG in fiscal 2004 created or retained 90,637 jobs for Americans and public improvement projects benefited 9,453,993 persons. CDBG also has a strong record in business retention: CDBG ensured that over 80 percent of the businesses assisted through the program were still in operation after three years.

Thank you for your consideration. We look forward to working with you to ensure that communities across the country can provide good jobs, affordable housing, and public services to meet the needs of all Americans.

Sincerely,

Norm Coleman, Patrick Leahy, Jack Reed, Kit Bond, Mike DeWine, Paul Sarbanes, Evan Bayh, Barbara Mikulski, Ted Kennedy, George Voinovich, Jeff Bingaman.

Debbie Stabenow, Rick Santorum, Frank R. Lautenberg, Carl Levin, Olympia Snowe, Jon S. Corzine, Charles Schumer, Lincoln Chafee, Dick Durbin, Herb Kohl, Kay Bailey Hutchison.

Chris Dodd, Hillary Rodham Clinton, Mel Martinez, Max Baucus, Joe Lieberman, Arlen Specter, Byron L. Dorgan, Tom Harkin, John F. Kerry, Conrad Burns, Mary L. Landrieu.

Barbara Boxer, David Vitter, Maria Cantwell, Tim Johnson, Gordon Smith, Mark Dayton, Patty Murray, Jim Talent, Russ Feingold, Ken Salazar, Barack Obama.

Bill Nelson, Dianne Feinstein, Ron Wyden, Jay Rockefeller, Daniel K. Akaka, Jim Jeffords, Blanche L. Lincoln, E. Benjamin Nelson, Joe Biden, Tom Carper, Mark Pryor, Saxby Chambliss, Daniel K. Inouye.

Mr. LEAHY. Mr. President, I believe you will find similar support for each

of the other programs under this umbrella.

I challenge each Member to go back to their State and find one community that has not reaped the benefits of a CDBG investment. I challenge each member to visit with their local community action groups and hear how they use the Community Services Block Grant to support the neediest in their communities. These programs fill a real need and have proven results. A cut of \$2 billion in Federal funds will result in the loss of at least \$18 billion in matching funds from local and State governments and nonprofit and private sector investments. I fail to see the wisdom in dismantling programs that are so vital to our communities.

Our amendment would restore nearly \$2 billion for community and economic development programs and urges the Senate to retain the administration of these programs at their current agencies. We fully pay for the increase in funds by closing egregious tax loop holes that over 90 Members of this Chamber has already gone on record in support of closing.

I encourage my colleagues to join me in support of this amendment and express their support for these important programs.

Mr. BAUCUS. Mr. President, I rise to speak in support of the amendment of my friend and to express my support of the Community Development Block Grant Program, the Economic Development Administration, and the 16 other economic and community development programs that are dramatically underfunded in this budget. It is no surprise to see this amendment coming from my distinguished colleague from Maryland. I thank him for his work on this issue, both now and in the past. Throughout his career in the Senate he has been a powerful advocate for CDBG and similar community development programs.

The CDBG Program has for 31 years provided vital funding to communities all over the United States and throughout my home State of Montana. CDBG is especially valuable to economically distressed communities that often lack basic public infrastructure. It funds a diverse range of projects. Just last year, CDBG dollars helped fund head start facilities in Havre and Kalispell, and money to help Dodson modernize their wastewater system.

A CDBG grant helped Big Horn County renovate Memorial Hospital. In Anaconda, where we have a Jack Nicklaus-designed golf-course, a CDBG loan helped renovate the Old Works Hotel, dramatically improving the region's tourism industry.

These CDBG investments leveraged millions of State and local dollars. In Montana, CDBG dollars are primarily administered at the State level, so local officials can direct the funding to the areas of greatest need. CDBG is a program that works. It is a good investment of taxpayer money that communities leverage to fund vital

projects they could not complete on their own.

And the CDBG Program has been supporting community development for the past 30 years with great success. Providing small infusions of Federal funding to jumpstart projects, CDBG has touched hundreds of Montana communities, and thousands of lives.

Unfortunately, CDBG isn't the only program on the chopping block. The Economic Development Administration is a small but crucial program that invests to help communities—particularly economically distressed communities—get ready for new businesses. EDA has a documented record of success. Since its inception in 1964, the EDA has created more than 4 million jobs and leveraged more than \$18 billion in private sector investment in thousands of communities all across the country.

EDA investments in Montana have helped Montana farmers, suffering from years of drought. The Bear Paw economic development district in northern Montana used an EDA planning grant to help farmers study the feasibility of growing carrots and other vegetables in a region dominated by wheat growth for more than a century. The study demonstrated the viability of these crops, and farmers are excited to have a variety of crops to choose amongst.

Why, then, does this budget propose to eliminate it? At a time when it is critical for our country to maintain competitiveness in the global economy a proposal to eliminate a successful catalyst for economic growth is a mistake.

The growing budget deficit is a concern. But continued economic growth is central to everyone's plan to reduce the deficit. Why then are we cutting programs that spur economic growth? EDA creates jobs, more than 4 million in its history. It is essential that we preserve this job creating agency.

Our economy is in recovery, and as this recovery continues, EDA is working to make sure that all of America recovers. EDA targets its funding at economically disadvantaged communities. Areas that have recently experienced a factory closure, or a military base closure. The people who benefit the most from EDA are those who have been hurt the most by outsourcing.

States, counties, and cities are experiencing ever greater demands on their budgets. The choices they make, just like the choices we make here in the Senate, are tough, and getting tougher. The rising costs of health care, education, and other investments programs are straining local budgets to the breaking point. In some communities they have been forced to raise local taxes so high the benefits from recent tax cuts are all but gone.

We are robbing Peter to pay Paul. And it doesn't make sense to do it with agencies that have the ability to leverage their funds and ripple through their communities. For us here in

Washington to eliminate Federal programs like the CDBG and EDA would devastate communities.

Cities will be forced to choose between school for our children or housing for our seniors, between improving decaying infrastructure needed to create new jobs and providing health coverage for our children. This amendment doesn't solve all of these problems, but it is a giant step to improving our communities.

Once again, I thank my colleague from Maryland, as well as all of our other cosponsors. I urge my colleagues to support this amendment. These programs create jobs and improve lives and communities all over our country. Let's not shortchange our communities that need this help the most.

Mr. REED. Mr. President, today many Americans in communities across the Nation are being left behind in our economy. Federal community and economic development programs, such as Community Development Block Grants, Community Development Financial Institutions, and Economic Development Administration grants, have a history of "being there" for communities—providing funding for housing rehabilitation, job creation, and infrastructure. I thank Senator SARBANES for offering his amendment to save these important programs from elimination, and I am glad to be a cosponsor. Senator SARBANES' amendment will restore funding to these vital programs by closing tax loopholes that the majority of the Senate supported closing in the FSC/ETI bill.

The President's Strengthening America's Communities Initiatives, SACI, would fundamentally change Federal economic and community development programs serving our communities. The President's fiscal year 2006 budget eliminates 18 successful programs serving low-income urban, rural, and Native American communities. It reduces the Federal commitment to funding community development by 33 percent, cutting funding from \$5.6 billion to \$3.71 billion. And the President's proposal will also reduce the number of communities served. A program that serves fewer Americans with less resource can only place more families and low-income neighborhoods at risk, rather than create vibrant and strong economies as CDBG, CDFI, EDA, the Brownfields Economic Development Initiative and Section 108 loan guarantees are doing.

The real issue with federal community development assistance is the lack of financial resources for the thousands of communities struggling to remain economically competitive, not the current structure of the existing programs. While the budget resolution includes funding for tax loopholes that the Senate voted to close last year, it fails to adequately fund programs that provide affordable housing to American workers, programs that create or retain jobs in the economy, and programs that provide vital public services to our senior citizens.

In fiscal year 2003, the economy lost 486,000 jobs. CDBG projects created or retained 108,700 jobs for Americans. CDBG also has a strong record in business retention. While businesses have left American shores for other countries, CDBG ensured that over 80 percent of the businesses assisted through this program were still in operation after 3 years.

There is overwhelming opposition to the Strengthening America's Community Initiative. Mayors, local and State community development agencies, housing assistance agencies, and others from Rhode Island to Utah, and from Michigan to Texas, have written letters to Congress and to the administration opposing these devastating cuts and changes to Federal economic and community development assistance. They know that CDBG, CDFI, and EDA programs are the foundation of strong communities—these programs are literally the building blocks of community development. A unified grant program, as proposed by the administration, will leave gaping holes in community and economic development assistance.

CDBG is the glue that holds other Federal programs serving low-income communities together. On the 30th Anniversary of CDBG in 2004, HUD Deputy Secretary Roy Bernardi said the following about the program:

HUD has a long history of 'being there' and providing help for people, particularly those with the greatest needs—our lower income constituents. CDBG has certainly been there, during boom years and most importantly in times of tightening budgets, which place greater demands on existing services. We must continue to support and build upon programs that work, those that have a proven record of flexibility and the ability to fit in with locally determined needs. CDBG is such a program and ranks among our nation's oldest and most successful programs. It continues to set the standard for all other block grant programs.

I want to tell my colleagues about CDBG's history of "being there." In Rhode Island, CDBG was there when the West Elmwood Housing Development Corporation, a not-for-profit community based organization, needed to build and renovate affordable homes. CDBG gave Rhode Island families, who would otherwise be unable to achieve the American dream of homeownership, the chance to own their own home. In Florida, Congress turned to CDBG to provide relief after last year's devastating hurricane season, and in New York City, CDBG helped the city rebuild after the September 11 tragedy. In New Hampshire, CDBG is there for the Concord Area Trust for Community Housing to layer with Low-Income Housing Tax Credits to build affordable housing. In Ohio, Community Development Financial Institutions are there for communities across the State helping to finance businesses and micro-enterprises that support new jobs in the economy. And EDA was there to provide planning and technical assistance to help save 466 existing jobs and

create 78 new jobs near Billings, MT. There are no other Federal programs or tax loophole that have the history of "being there" like CDBG, CDFI, and EDA.

Senator SARBANES' amendment to restore funding to these programs deserves the full support of my Senate colleagues, whether Republican or Democratic, representing an urban state such as Rhode Island or a rural state such as Montana. I hope my colleagues will join me in voting for Senator SARBANES' amendment so that all workers, families, neighborhoods, and communities can participate in our Nation's economic growth.

Mr. GREGG. Madam President, what is the time?

The PRESIDING OFFICER. The Senator from New Hampshire has 7 minutes 25 seconds.

Mr. GREGG. Madam President, this amendment increases spending by \$2.5 billion, exceeding the cap, and it increases taxes by the same amount of money. It is a tax-and-spend amendment. Therefore, I would oppose it. There are a lot of other reasons I would oppose it, but I wanted to give the Senator from Missouri an opportunity to say a couple of words on something else.

I yield to the Senator from Missouri, and I yield the remainder of my time on this amendment.

Mr. TALENT. Madam President, I thank my friend, the chairman. I would like to speak briefly on a separate amendment that I am going to offer and ask for a vote on it during the vote-arama today.

I am pleased to be joined in this effort by Senators THUNE, STABENOW, and WYDEN.

This amendment is endorsed by all the major transportation groups—including ASSHTO, Associated General Contractors, the Road Builders, the American Public Transportation Association, the U.S. Chamber of Commerce, and the Heavy Highway Alliance, representing major trade unions. These groups understand the importance of this amendment and many will be scoring it as one of their key transportation votes of this session.

As has been the case in past resolutions, the current budget resolution in the Reserve Fund section allows the budget chairman to make adjustments to the allocation for surface transportation.

However, the Senate language as written significantly restricts the transportation reauthorization funding options available to the Finance Committee.

In the fiscal year 2004 budget resolution, last year's resolution, we agreed to reserve fund language that allowed new transportation funding so long as it was offset by an increase in receipts of any kind to the highway trust fund. That is as it should be. We ought to allow the Finance Committee to have the full range of funding options.

As written in this year's resolution, the resolution takes away the flexi-

bility of the Finance Committee, the EPW Committee, the Banking and Commerce Committees, to consider all available funding mechanisms for the reauthorization bill. It precludes the use of resolutions used in past authorization bills, some of which the administration has agreed to and which passed last year by 74 bipartisan votes. Among the funding options that would be blocked are interest on the highway trust fund's unexpended balances; the motor fuels refund reform for over-the-road and lend-lease vehicles; and draw-down of the highway trust fund balance.

My amendment simply changes the language to be consistent with the language in the House budget resolution and the fiscal year 2005 conference report. The amendment is narrowly targeted and does not affect the budget neutrality of the final transportation bill. The amendment simply ensures we have that debate at the right time on the highway bill with all the funding options on the table. I urge my colleagues who support transportation funding to vote for this amendment. It restores the flexibility to use revenue sources approved in the past and gets us out of the box that the current language traps us in and makes it easier to adequately fund our transportation needs within the limits of a revenue-neutral bill.

I will be asking for a vote at the appropriate time on the amendment. I thank my cosponsors, including the Senator from Michigan.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. What is the time situation on Senator SARBANES' amendment?

The PRESIDING OFFICER. The Senator from New Hampshire controls 4 minutes and the Senator from Maryland controls 1 minute 19 seconds.

Ms. STABENOW. As the cosponsor with my colleague from Missouri, I would appreciate a couple of minutes to speak on the Talent-Stabenow amendment before proceeding with the other amendments.

Mr. GREGG. We do not have any time on this side.

The PRESIDING OFFICER. Who yields time?

Ms. STABENOW. I ask for 2 minutes off the resolution.

The PRESIDING OFFICER. There is no time remaining.

Mr. SARBANES. I yield the balance of my time.

The PRESIDING OFFICER. The balance of the time is 1 minute 19 seconds.

Ms. STABENOW. To my colleagues, I rise to speak in support of the Talent-Stabenow amendment. It is very simple, as my colleague indicated. It is extremely important as the Senate begins the work of SAFETEA transportation legislation.

As in past resolutions, the current budget resolution in the reserve fund section allows the budget chairman to make adjustments to the surface trans-

portation allocation. However, this budget resolution as written ties the hands of the Finance Committee and restricts the transportation funding options available to them such as using interest from the highway trust fund and drawing down the trust fund balance.

All the Talent-Stabenow amendment would do is modify the language to put all the funding options on the table. This change would be identical to the provision in the current House budget resolution and what has been included in past House and Senate budget resolutions.

We all know how critical SAFETEA is. Transportation issues in each of our States are absolutely critical. The transportation bill creates jobs. It supports communities. It uplifts all of our roads and highways and bridges in a critically important way. I am hopeful this amendment will receive strong bipartisan support so we can pass a strong safety bill with all the options on the table and make sure we have the options available to make it the very best bill we possibly can, given all of the concerns regarding funding.

Mr. GREGG. We yield back.

The PRESIDING OFFICER. All time is expired.

AMENDMENT NO. 230

The PRESIDING OFFICER. Under the previous order, the Senator from Minnesota is recognized.

Mr. COLEMAN. Madam President, I have an amendment I send to the desk for immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. COLEMAN] proposes an amendment numbered 230.

Mr. COLEMAN. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Mr. COLEMAN (for himself) proposes an amendment to the concurrent resolution S. Con. Res. 18 setting forth the congressional budget for the United States Government for fiscal year 2006 and including the appropriate budgetary levels for fiscal years 2006 through 2010; as follows:

(Purpose: To fully fund the Community Development Block Grant Program and related programs, including Community Services Block Grant Program, Brownfield Redevelopment, Empowerment Zones, Rural Community Advancement Program, EDA, Native American CDBG, Native Hawaiian CDBG, and Rural Housing and Economic Development)

On page 16, line 15, increase the amount by \$1,454,000,000.

On page 16, line 16, increase the amount by \$29,080,000.

On page 16, line 20, increase the amount by \$465,280,000.

On page 16, line 24, increase the amount by \$610,680,000.

On page 17, line 3, increase the amount by \$203,560,000.

On page 17, line 7, increase the amount by \$72,700,000.

On page 17, line 16, increase the amount by \$619,000,000.

On page 17, line 17, increase the amount by \$359,020,000.

On page 17, line 21, increase the amount by \$241,410,000.

On page 17, line 25, increase the amount by \$12,380,000.

On page 18, line 4, increase the amount by \$6,190,000.

On page 26, line 14, decrease the amount by \$2,073,000,000.

On page 26, line 15, decrease the amount by \$388,100,000.

On page 26, line 18, decrease the amount by \$706,690,000.

On page 26, line 21, decrease the amount by \$623,060,000.

On page 26, line 24, decrease the amount by \$209,750,000.

On page 27, line 2, decrease the amount by \$72,700,000.

Mr. COLEMAN. Madam President, let me express my thanks to my colleague from Maryland, Senator SARBANES, for his work on this issue and for his leadership in the Senate. We serve together on the Foreign Relations Committee. It is a great honor. He brings great compassion, great respect, great dignity to the committee, to the institution, and his service is greatly appreciated. It is my honor as a relatively new Senator to be working on an issue that is so important to him as it is to me and to the folks I represent, both as a Senator from Minnesota, but as I represented as mayor in the city of St. Paul.

My amendment is simple. It says no cuts to the Community Development Block Grant Program. It says no moving CDBG, no to program changes that limit CDBG's effectiveness.

I share the President's goal of reducing the deficit and bringing fiscal accountability to Washington. But like so many things in Washington, the devil is in the details. In the case of CDBG, the details in the budget need to be reworked quite a bit.

I have a simple philosophy: Don't kill those things that build the economy and help cut deficits. I strongly supported tax cuts that create investment and grow jobs. CDBG grows jobs. Community development block grants grow communities.

When I talk to the folks back in Minnesota, whether they are city administrators or mayors or county commissioners, they all say the same thing: The Community Development Block Grant Program is the lifeblood of community development. That is why I am offering this amendment to fully fund CDBG along with the Community Service Block Grant Program, the Brownfield Redevelopment Program, and the Rural Housing and Economic Development Program, to name a few. These are things that work. Let's change and reshape things that do not work. But when you go home and folks say across the board—big town, small town, urban, rural—that it works, work with it.

CDBG was enacted in 1974 and has been assisting America's communities for 30 years. It is a program that helps State and local government tap their most serious community development challenges, including infrastructure, housing, and economic development. Over the first 25 years, it has created 2 million jobs and contributed in excess of \$129 billion to the Nation's gross domestic product.

CDBG and public-private partnerships are the cornerstone of the economic revitalization across the country and in many of our cities in recent years. They have provided the tools to provide economic opportunity and hold jobs.

When you deal with the budget, there is a question of fiscal responsibility. Does the program work? Fair question. Is it cost effective? Fair question. What does it achieve?

I know CDBG works because when I was mayor, before coming to Washington, I worked with it. In coming here, my hope was to be Minnesota's mayor in Washington. I always take pride in the fact that a mayor's focus is on getting things done. They are at the bottom of the political food chain but really responsive. That was the bottom line. It was getting things done. If streets were unplowed in the city of St. Paul, I heard about it. So as a former mayor I know something about fiscal responsibility, about having to reduce needless bureaucracy, about turning deficits into surpluses, and setting money aside for a rainy day, all while submitting budgets that contained no tax increases in 8 years. Part of my ability to do that was the growth I saw in my communities and the public-private partnerships that CDBG created and shaped and was a part of. Community centers and crime prevention, affordable housing, and business and economic development—the heart and soul of Federal help to our cities.

The Presiding Officer serves the great State of Alaska, which has challenges. They are not awash in a surplus of cash. The Presiding Officer understands, as I understand, we have to support those things that grow our communities.

The fact is, jobs in St. Paul's economy have not grown without CDBG. We used CDBG to revitalize neighborhoods, and it is through this effort we were successful.

I can personally testify that dollar for dollar there is no better initiative to help States and localities renew and rebuild our cities and create economic growth and jobs than the Community Development Block Grant Program.

As Minnesota's mayor in Washington, I still believe that Government is beholden to the people; that individuals, with the help of their local representatives, can plan their lives better than bureaucrats in some distant capital.

That is what I like, and the idea behind CDBG, a very conservative idea that we should not have 1,500 command

and control programs rush out of Washington trying to micromanage the needs of communities. Instead, we should help communities meet those needs and priorities through one block grant. With all the unfunded mandates coming from Washington, CDBG is a way we help communities across the country meet some very critical priorities. CDBG is a fiscally responsible program that exponentially produces more than it costs and is a truly conservative initiative enabling local leaders to meet local needs.

CDBG works. Last year, the Office of Management and Budget celebrated CDBG under the theme "performance counts." Since then, the Office of Management and Budget may have changed its mind, but America hasn't.

Let me state what CDBG means to my home State in Minnesota. When I became mayor of St. Paul, we got businesses and jobs growing. But not all St. Paul was benefiting from the turnaround. An area around Ames Lake on the east side of St. Paul, one of my toughest neighborhoods, needed help, needed growth. They could not take part in the surrounding economic boom because the buildings were in total disrepair and businesses were looking to move out, not move in. It would have been an impossible situation if not for CDBG. But thanks to CDBG, we were able to leverage Federal funds to attract millions of private dollars to improve infrastructure and replace the blight of city sprawl with green space, and build a community center to keep kids off the street.

I was at the League of City meetings the other day and talking to the member who represents the east side of St. Paul. In that community, they had a shopping center that was blighted, with nothing there. Reeds grew up through the concrete. We figured out the Good Lord was saying there was a wetland in the heart of the city. We got rid of the shopping center, got rid of the concrete, and created wetlands. Now he is telling me we have housing in the worst areas of St. Paul; the most blighted areas are growing and prospering. Again, CDBG was an important part of it.

In other words, thanks to CDBG, Ames Lake is now moving in the right direction. St. Paul is located within Ramsey County. And like all counties with a big city, Ramsey County struggles with sort of a split identity. On one hand, it has suburbs that are doing well compared to parts of the big city. Within the city is land intense with industrial projects such as car parks and truck sites that big cities need. Now these projects are great to have when they are up and running, but when they shut down, they are so large they take whole communities with them that is happened with the Glendenning Truck site.

It was in bad condition, and local officials knew something had to be done about it. Using CDBG, they were able to replace a dilapidated truck site with thriving businesses and jobs.

Ramsey County also used CDBG to transform the Vadnais Highlands apartment complex into safe, attractive and affordable housing.

I give another example of how community development becomes economic development. There is a town of 502 people in Minnesota called Brewster. In 1997, Brewster was awarded a one time community development block grant. This grant allowed Brewster to renew and rejuvenate its infrastructure by tearing down its dilapidated structures and replacing them with 40 homes. As a result of this investment, when Minnesota Soybean Processors was looking for a new home, there was no better place than Brewster.

The relocation of Minnesota Soybean Processors immediately created 40 jobs. In fact, that CDBG grant is still creating jobs as Minnesota Soybean Processors are now opening a biodiesel division which will employ 10 more people.

In another example, the city of Rochester, MN, used CDBG to fund the Aldrich Memorial Nursery School, providing pre-school kids with a safe place to be while mom and dad are working.

The city of Minneapolis uses CDBG to improve housing, stimulate job growth, improve public infrastructure, provide public health services, and school readiness programs.

A reduction in CDBG could hinder the city's current efforts to help 200 moms and dads to find jobs; efforts to develop 150 multifamily homes; efforts to acquire and demolish 110 vacant and boarded up houses; efforts to provide capital improvements to child care facilities, and efforts to reduce lead hazards in 70 homes and provide youth employment training to 300 kids. That is a lot of bang for the buck.

Minneapolis is a big city, but community development block grants are just as important to our rural communities. As you may know, America's rural communities often lack the resources to improve their infrastructure and housing.

The town of Detroit Lakes is located in Becker County, MN, and has about 7,500 residents. It is the heart of Lake Country in the land of 10,000 lakes. If you have not visited there, you should. Spend some money there while enjoying the lakes. The beach is right in town. At 119 Pioneer Street is the Graystone Hotel.

Built in 1916 to accommodate the region's growing tourism industry, the Graystone Hotel had since fallen on hard times. Its once grand exterior had degenerated into an unsightly mess, and its rooms all but abandoned. In short, what was once one of Detroit Lakes' flagship buildings, was now its biggest detraction.

Using CDBG along with private funding, the Graystone Hotel now includes 41 residential units and a variety of businesses and nonprofit enterprises ranging from Lakeland Medical Health Center to Godfather's Pizza.

St. Louis County, which is located in northern Minnesota and is one of the more rural areas in Minnesota, has also used CDBG. Since 1993, CDBG has helped create 560 jobs in St. Louis County; it has provided 2,900 residents of St. Louis County with business training resulting in 159 new start-up businesses; 450 homes were improved through local housing rehabilitation programs in the county.

Hundreds of first-time home buyers participated in a first-time home buyer program, resulting in the purchase of 600 single family homes.

In St. Louis County, CDBG also helps fund community soup kitchens, emergency shelters, child daycare projects, programs combating domestic violence, and a number of infrastructure improvements such as the water treatment facility in Aurora. St. Louis County has been able to leverage \$5 in private dollars for every dollar they received through the CDBG program.

CDBG works, but don't take my word for it, just ask the folks in Detroit Lakes, St. Paul, or St. Louis County.

I was pleased to work with Senator PATRICK LEAHY in leading a bipartisan coalition of 57 Senators in sending a message to the Senate Budget Committee signifying our strong commitment to CDBG and reminding folks that cities from Montpelier to Minneapolis need CDBG to create economic opportunity and to grow jobs.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,

Washington, DC, March 2, 2005.

Hon. JUDD GREGG,

*Chairman, Committee on the Budget,
U.S. Senate, Washington, DC.*

Hon. KENT CONRAD,

*Ranking Member, Committee on the Budget,
U.S. Senate, Washington, DC.*

DEAR CHAIRMAN GREGG AND RANKING MEMBER CONRAD: The Community Development Block Grant (CDBG) Program funds housing rehabilitation, supportive services, public improvements and economic development projects in communities across the nation. CDBG serves more than 1,100 entitlement communities, urban counties and states, and more than 3,000 rural communities. We urge the Budget Committee to maintain the Federal government's current commitment to community development programs at the Department of Housing and Urban Development and support a budget allocation of \$4.732 billion in Function 450 for CDBG, Section 108 economic development loan guarantees, and the Brownfields Economic Development Initiative.

HUD is the Federal Department principally responsible for community economic development. CDBG is the centerpiece of the Federal government's efforts to help states and localities meet the needs of low-income communities. Section 101 of the Housing and Community Development Act created the CDBG program to consolidate a number of complex and overlapping programs of financial assistance in order to encourage community development activities which are consistent with comprehensive local and areawide development planning; to further the national housing goal of a decent home and a suitable living environment for every American family; and to foster the under-

taking of housing and community development activities in a coordinated and mutually supportive manner by Federal agencies and programs, as well as by communities. HUD's community development programs coupled with HUD's housing and homeless programs and supportive services, provide communities with a comprehensive approach to serving the needs of residents. CDBG is the glue that holds other Federal programs serving low-income communities together.

The Strengthening America's Community proposal aims to create strong accountability standards, offer flexibility to communities and create a more unified federal approach. These goals are already hallmarks of the CDBG program. On the 30th Anniversary of CDBG in 2004, HUD Deputy Secretary Roy Bernardi said the following about the program:

"HUD has a long history of 'being there' and providing help for people, particularly those with the greatest needs—our lower income constituents. CDBG has certainly been there, during boom years and most importantly in times of tightening budgets, which place greater demands on existing services. We must continue to support and build upon programs that work, those that have a proven record of flexibility and the ability to fit in with locally determined needs. CDBG is such a program and ranks among our nation's oldest and most successful programs. It continues to set the standard for all other block grant programs."

The Strengthening America's Communities proposal would recreate a block grant program similar to CDBG within the Department of Commerce. The Department of Commerce, however, does not have the vital infrastructure or institutional capacity to provide a comprehensive approach to neighborhood development. Replicating HUD's CDBG program within the Department of Commerce would require rebuilding HUD's "infrastructure" and would result in inefficiencies, greater complexity and less aid to fewer cities, an approach which does not serve America's communities or taxpayers. CDBG's success depends on a locally driven, citizen participation process that provides flexibility and does not take a "one-size-fits-all" approach. The needs of Nashua, New Hampshire; Bismarck, North Dakota; Cincinnati, Ohio; and Kansas City, Missouri are very different from the needs of Miami, Florida; El Paso, Texas; Pueblo, Colorado; or San Diego, California. CDBG is capable of addressing the diverse needs of these communities whether it is housing rehabilitation, homeownership, supported services for the elderly or children, business development or infrastructure improvements.

CDBG is one of the most effective Federal domestic programs to revitalize neighborhoods with proven results. Over 95 percent of CDBG funds went to activities principally benefiting low- and moderate-income persons. Twenty-eight percent of CDBG funds supported housing activities in distressed communities, 24 percent supported public improvements, 15 percent went to the provision of public services, and 7 percent supported economic development activities. In FY2004, CDBG housing projects assisted 168,938 households. Public service projects funded with CDBG served 13,312,631 individuals. Economic development programs funded by CDBG in fiscal 2004 created or retained 90,637 jobs for Americans and public improvement projects benefited 9,453,993 persons. CDBG also has a strong record in business retention: CDBG ensured that over 80 percent of the businesses assisted through the program were still in operation after three years.

Thank you for your consideration. We look forward to working with you to ensure that

communities across the country can provide good jobs, affordable housing, and public services to meet the needs of all Americans.

Sincerely,

Norm Coleman, Patrick J. Leahy, Jack Reed, Mike DeWine, Evan Bayh, Edward M. Kennedy, Jeff Bingaman, Rick Santorum, Carl Levin, Jon S. Corzine, Christopher S. Bond, Paul S. Sarbanes, Barbara Mikulski, George V. Voinovich, Debbie Stabenow, Frank R. Lautenberg, Olympia J. Snowe, Charles E. Schumer, Lincoln Chafee, Herb Kohl, Christopher J. Dodd, Mel Martinez, Joseph I. Lieberman, Byron L. Dorgan, John F. Kerry, Mary L. Landrieu, Richard Durbin, Kay Bailey Hutchison, Hillary Rodham Clinton, Max Baucus, Arlen Specter, Tom Harkin, Conrad R. Burns, Barbara Boxer, David Vitter, Tim Johnson, Mark Dayton, Jim Talent, Ken Salazar, Bill Nelson, Ron Wyden, Daniel K. Akaka, Maria Cantwell, Gordon Smith, Patty Murray, Russell D. Feingold, Barack Obama, Dianne Feinstein, John D. Rockefeller IV, James M. Jeffords, Blanche L. Lincoln, Joseph R. Biden, Mark Pryor, E. Benjamin Nelson, and Thomas R. Carper.

Mr. COLEMAN. I also ask unanimous consent to have printed in the RECORD a letter of support for the community development block grant program from the U.S. Conference of Mayors, the National Governors Association, the National Community Development Association, National Association of Counties, the National League of Cities, the Council of State Community Development Agencies, the Local Initiatives Support Corporation, the Enterprise Foundation, the National Association of Housing and Redevelopment Officials, the National Association of Local Housing Finance Agencies, the National Council of State Housing Agencies, and the National Congress for Community Economic Development.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MARCH 4, 2005.

Hon. JUDD GREGG,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

Hon. KENT CONRAD,
Ranking Member, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR CHAIRMAN GREGG AND RANKING MEMBER CONRAD: As you prepare to consider the FY 2006 Budget Resolution, we the undersigned organizations want to convey our opposition to proposed cuts in the FY 2006 Department of Housing and Urban Development (HUD) budget. We respectfully request that you craft a Budget Resolution that will provide adequate budget authority for all HUD programs and maintain important community and economic development functions and funding at HUD.

Of particular concern to us is the proposed elimination of the Community Development

Block Grant (CDBG) program along with 17 other Federal community and economic development grant programs. We oppose in the strongest terms the elimination of CDBG, and we urge you to reject the proposed "Strengthening America's Communities" (SAC) Initiative and support full funding for the CDBG program at HUD.

As you know, the FY 2006 Budget would effectively eliminate 18 community and economic development programs, including CDBG, and create an entirely new initiative to be operated by the Department of Commerce. Proposed funding for this "consolidated" program would be \$3.7 billion, and 35 percent reduction in funding when compared to total FY 2005 appropriations for the 18 programs targeted for elimination under the initiative. Consider that Congress funded the CDBG program alone at \$4.7 billion in FY 2005, \$1 billion more than the entire proposed budget for the SAC initiative.

Eliminating these 18 programs and substantially reducing the Federal investment in community and economic development would have a devastating impact on State and local governments. Each of these existing programs is an important and necessary component of urban, suburban, and rural communities' efforts to revitalize neighborhoods, expand affordable housing opportunities and create economic growth. We believe that CDBG is the glue that holds these efforts together.

For 30 years, the CDBG program has served as the cornerstone of the Federal government's commitment to partnering with state and local governments to strengthen our Nation's communities and improve the quality of life for low- and moderate-income Americans. Since its inception, CDBG has made a real and positive difference in communities across America, and there is no shortage of CDBG success stories. Many of the groups that signed this letter have been working in partnership with HUD and the Office of Management and Budget (OMB) in a good faith effort to improve the CDBG program's ability to measure performance. As a result of this effort, HUD plans to unveil a new outcome-based measurement system in early 2005. As recently as November 2004, OMB endorsed this undertaking. We believe this new system will verify what is already obvious: CDBG works.

CDBG's emphasis on flexibility and local determination of priority needs through citizen participation is allowing state and local governments to achieve real results. According to HUD's "Highlights of FY 2004 CDBG Accomplishments," CDBG funding led to the creation or retention of more than 90,000 jobs in the last year alone. Thanks to CDBG, in 2004 over 130,000 rental units and single-family homes were rehabbed, 85,000 individuals received employment training, 1.5 million youth were served by after-school enrichment programs and other activities, and child care services were provided to 100,065 children in 205 communities across the country. CDBG also funded nearly 700 crime prevention and awareness programs. Additionally, more than 11,000 Americans became homeowners last year thanks to CDBG funding. CDBG remains a smart, efficient form of

investment, as it continues to leverage around three dollars for every dollar of Federal investment. It certainly did not come as a surprise to us when HUD Secretary Alphonso Jackson, in a March 2nd appearance before the House Financial Services Committee, stated, "The program works."

The CDBG program's design is especially successful at targeting resources to those who need them most. In 2004, 95 percent of funds expended by entitlement grantees and 96 percent of State CDBG funds expended were for activities that principally benefited low- and moderate-income persons. A full half of persons directly benefiting from CDBG-assisted activities were minorities, including African Americans, Hispanics, Asians, and American Indians. Despite the fact that economic challenges and pockets of poverty exist in almost all American communities, adoption of the SAC initiative would almost certainly result in a complete loss of funding for a significant number of communities.

For all of the reasons detailed above, we believe that CDBG should remain at HUD and receive full funding of at least \$4.7 billion in FY 2006. We also believe it is premature for the Budget Resolution to even address such a far-reaching change to the program before the numerous committees of jurisdiction have had sufficient opportunity to hold appropriate hearings on the topic. We urge you to craft a Budget Resolution reflecting those sentiments. More specifically, we strongly encourage you to include language in your Resolution clearly stating that the Resolution "does not assume enactment of the proposed 'Strengthening America's Communities' Initiative nor the proposed reduction in funding for the CDBG program included in the Administration's FY 2006 budget."

We thank you for your favorable consideration of this request.

Sincerely,

Council of State Community Development Agencies.

The Enterprise Foundation.

Habitat for Humanity International.

Housing Assistance Council.

Local Initiatives Support Corporation.

National Association for County Community and Economic Development.

National Association of Counties.

National Association of Housing and Redevelopment Officials.

National Association of Local Housing Finance Agencies.

National Community Development Association.

National Conference of Black Mayors.

National League of Cities.

National Low Income Housing Coalition.

United States Conference of Mayors.

Mr. COLEMAN. I urge my colleagues to adopt my amendment and show their support for these community leaders by fully funding the community development block grant program, keeping it at HUD, and rejecting any harmful changes.

NOTICE

Incomplete record of Senate proceedings.

Today's Senate proceedings will be continued in the next issue of the Record.